Daily Report

East Europe

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Grosz Interviewed on Warsaw Pact Meeting

AU2007130188 Budapest NEPSZABADSAG in Hungarian 18 Jul 88 p 5

[Interview with MSZMP General Secretary and Premier Karoly Grosz by Jozsef K. Nyiro and Attila Seres: "Karoly Grosz Interview on the Warsaw Pact Meeting"—at the Hungarian Embassy in Warsaw on 16 July]

[Text] Karoly Grosz received the Hungarian journalists covering the session of the Warsaw Pact Political Executive Committee held in Warsaw and answered questions about the meeting and about his upcoming visit to the United States.

[Question] You participated in the top-level meeting of the Warsaw Pact for the first time in the capacity of MSZMP general secretary. How do you evaluate the atmosphere and working mood of the meeting?

[Answer] It was an open and sincere atmosphere, and it was characteristic of the meeting that, keeping to the subject matter, each delegation evaluated the emerging issues from the viewpoint of their own national interest. This is only natural because the basic function of the meeting is to hold an exchange of views and to work out a common position on the subjects of the draft documents. Although it is clear that each delegation came to the meeting with a clearly formulated position from home, it was a good feeling to see that the delegations reflected upon the questions arising during the speeches, and thus these delegations established political contact among themselves. One could notice as early as during the preparatory activity and the meetings of foreign ministers, defense ministers, and other experts that we were in for a meeting of a sincere and open political atmosphere, and this prediction proved to be true after 2 days. I was greatly impressed by the openness, intellectual vitality, and sensitivity with which the delegations reacted to the very slight differences in approaching individual issues. All in all, I was impressed by the working character of the meeting and by its readiness to make sure that thoughts do not run along parallel lines but a harmony emerges among them.

"The Vienna Conference Should Be Successfully Concluded" [subhead]

[Question] With the signing of the Soviet-U.S. missile agreement, the issue of reducing conventional forces and armaments in Europe, of eliminating the so-called asymmetry, has increasingly come to the fore. How was this issue discussed at the recent meetings, and how does this issue affect Hungary?

[Answer] The reduction of conventional arms and forces is an older issue, but, given its importance, it received great attention at this meeting too. We are talking here about an extremely complex issue, which is partly a professional and military policy issue, but also more than that. The fact that even the methods of dealing with some of its elements have not been clearly defined so far shows the complexity of this issue. Although we must accept the fact that the number of Warsaw Pact troops and tanks stationed in Europe is larger than those of NATO, NATO has a considerable advantage over the Warsaw Pact in its air force, in its combat planes and helicopters. It is a complex professional task to decide the extent to which these elements balance each other out. The role of politics is to determine the way in which we can reach this balance: either by lifting the lower levels to match the higher ones, or, the other way round, by reaching a balance at the lowest level of armament. We are in favor of the latter, and it is reassuring that all the other delegations favored this solution, too. A general agreement has been reached on the need to assist any negotiations aimed at reaching a balance of forces at the lowest level of armament. As for the way this issue affects us, Hungarians, the Hungarian Army is part of the joint armed forces of the Warsaw Pact, and therefore, it is obvious that, in the event a certain reduction of forces takes place on the other side, and in the event this can be counterbalanced with a reduction of the military potential available in Hungary, then this could directly affect the Hungarian Army units. The Defense Committee has been instructed to further examine this issue, and we are participating in these talks with a good feeling because we are closely interested in reaching a balance at a lower level of armaments.

[Question] In their speeches, several delegation heads said that a successful conclusion of the CSCE follow-up conference in Vienna, or its possible failure, would considerably influence the fate of Europe. Have you succeeded in working out a joint socialist position on this issue?

[Answer] I cannot say that a coordinated opinion has emerged, because no preparatory work has preceded this issue. Nevertheless, every delegation has separately has come to the conclusion that the Vienna talks should be successfully concluded, and, in order to achieve this, each partner must show proper tolerance. We have formulated this clearly. We declared that we extremely regretted the fact that, on humanitarian issues, modifying proposals were also made which did not take into consideration the legitimate and justified positions of the overwhelming majority of participants. We clearly pointed out that a lack of rational self-restraint and tolerance could severely threaten the interests of our countries and of the whole of Europe. We also stressed that Hungary would make use of every possible external condition to ensure the success of socialist construction. In this respect, our position has been clearly defined and clear-cut.

[Question] In your speech, you mentioned the individual and collective rights of national minorities and their demand to freely preserve their mother tongue and culture, and to foster their relations with the mother country, as being an organic part of general human rights. How were these words received at the Warsaw meeting?

[Answer] We indeed regard mention of this issue as important and timely, and we also recognize that, naturally, it is primarily the responsibility of the individual countries which have national minorities among their citizens to settle issues connected with the situation of national minorities by means of implementing humanism and guaranteeing democracy. Our position aims at strengthening understanding and confidence among all Central European nations, factors that are indispensable for having the national minorities become elements of linkage in the cooperation and friendship between neighboring countries. As for the way these words were received at the meeting, I can say that nobody opposed them, on the contrary, in the recess, many people expressed their support for everything we represent, including delegates from countries with a large Hungarian national minority. At the same time, prior to our departure for Warsaw, we also reviewed whether we, Hungarians, had done everything we could to see that the rights of national minorities living in Hungary were observed. I can point out that there are neither political nor cultural obstacles in this area; there are, however, financial limitations, unfortunately. We must admit that our national minority schools and cultural centers are considerably neglected, and therefore, the government decided recently to transfer the management and supervision of national minority federations in Hungary from the Ministry of Education and Culture to the authority of the minister of state. This also shows that the government is directly involved in the activity of these federations.

A Bridge Between Two World Orders [subhead]

[Question] Do you think that, in the future, human rights and humanitarian issues might receive greater emphasis, or even acquire an institutional form within the Warsaw Pact?

[Answer] Of course, I do. We, Hungarians, have proposed to establish a separate working committee which, in addition to providing an exchange of experiences in this area among the Warsaw Pact member countries, would also regularly review the implementation of accepted international obligations and would also make proposals on human rights and humanitarian issues. Our proposals were received with interest and the Consultative Committee instructed the Foreign Ministerial Committee to examine the implementation of our proposals.

[Question] The need to carry out an organizational renewal within the Warsaw Pact was also formulated at the meeting. What changes can be expected in this area?

[Answer] I cannot yet give you a concrete answer to this question because the decision that has been made refers only to the need to work out proposals for the next session, and the Secretariat has been instructed to coordinate this activity. Several proposals have been made. We, Hungarians, have not yet had a clear-cut position in this issue, so, in the near future, we will review the various proposals and formulate our opinion.

[Question] You will spend only 2 days at home after the Warsaw Pact meeting, and then you will be off to the United States. With such a busy schedule, how could you prepare for this important trip?

[Answer] Of course, I started to prepare for this trip weeks ago. I have had a lot of consultations with my staff in recent weeks, and I have also studied the documents prepared on the previous relations between our two countries. Mr Palmer, the U.S. ambassador in Hungary, called my attention to many books and important background material which give me more precise information. I have read all these with great interest.

[Question] You are going to the United States in a double function. Is the party or the state nature of our delegation stronger?

[Answer] I was invited to Washington as premier, and in the meantime I have also been elected general secretary of the party. The fact that I am also being welcomed in the United States in my second position only demonstrates the tactfulness of my hosts. This shows the orderly relations that have developed in Soviet-U.S. contacts, and also in the cooperation between Washington and the other socialist countries in recent years. Obviously, the detente that derives from the cooperation between the two big powers also makes it possible for small countries to actively participate in foreign policy processes. It seems to me—particularly now, after the Warsaw Pact meeting—that the big powers also rely on smaller countries in building a bridge between the two world orders. We must make use of the opportunities inherent in this new development. We must recognize that economic and political issues go beyond the boundaries of continents. We must also take into consideration the fact that the international division of labor is an indispensable requirement for large countries like the Soviet Union or the United States, too. In this process, the establishment of contacts and the exchange of information are extremely important for small countries, too.

During the preparations for my 8-day visit to the United States, a visit that promises to be very productive, I also experienced a readiness to help and a great interest shown in Hungary, and, no doubt, this will guarantee the success of my visit.

The Decision Cannot Be Postponed [subhead]

[Question] In their reports on the recent MSZMP Central Committee session, some Western newspapers say that the decision on the concepts of the 1989 plan has been postponed.

[Answer] This is a mistake. It is not true that we have postponed the decision or that we do not dare make a decision. On the contrary, this issue is being dealt with according to the original scenario. We formulated the government program of development at the National Assembly session of September 1987. It is now clear that the plan for 1989 is the most important element of this program primarily because working out this plan will considerably affect the next plan of the people's economy for 1990, too. Therefore, it was very important for us to clarify whether the Central Committee members supported alternative A, which is more dynamic and involves more radical changes, or alternative B, which leads to a slower development. To our great satisfaction, the overwhelming majority of the speakers opted for the faster changes, and thus, considering this and working out the details, we can submit this plan again to the Central Committee session in October. Therefore, the Western press—which spoke positively about the openness of the Central Committee session and the difficulties of its agenda—must have concluded that we had postponed the decisions on the basis of some kind of misunderstanding.

CSSR Delegate on Athens EEC-CEMA Conference

AU1207190588 Prague RUDE PRAVO in Czech 6 Jul 88 p 7

[Interview with Jan Marko, deputy chairman of the CSSR Federal Assembly, chairman of the Czechoslovak Interparliamentary Group, and head of a CSSR delegation, "on the occasion of the Athens conference on the Economic Consequences of EEC-CEMA Relations," by "special reporter" Josef Vlcek: "Stimulating Deliberations; After the CEMA-EEC Declaration Was Signed"]

[Excerpts] [Passage omitted] [Vlcek] A few days ago, RUDE PRAVO reported the establishment of official CEMA-EEC relations. Meanwhile, European public interest has again focused on issues concerning these two economic groupings. What is the connection?

[Marko] The declaration adopted in Luxembourg says that CEMA and the EEC will be developing cooperation in the spheres of common interest. The establishment of official contacts is merely the first, but most significant, step. The Athens conference has already been discussing ways and means of expanding and intensifying economic relations between CEMA and the EEC. [passage omitted]

The discussion was also stimulating and useful for the participants from CEMA member countries. It was a dialogue in an atmosphere of trust and understanding. The meeting will serve as a model for further activities. The experience accumulated on this occasion will also be useful for the work of Greek representatives in the EEC, where Greece will succeed the FRG in the chair.

We have agreed on the simultaneous establishment of parliamentary groups in the European Parliament and in the CSSR Federal Assembly; these groups will be promoting the intensification of mutual contacts.

[Vlcek] What kind of attitude did the socialist deputies in the European Parliament adopt toward trade contacts with the CSSR

[Marko] First, I would like to note that the deputies received with understanding our information about the significance of Czechoslovakia's proposal to create a zone of trust, cooperation, and good-neighborly relations.

We explained to them our viewpoint that the EEC's restrictive policy and the shortcomings in contractual provisions for our exports considerably affect our stagnating trade with West European states; this does not create a suitable atmosphere for confidence in commercial undertakings. We rejected the discriminatory measures of NATO's Coordination Committee for Multilateral Export Controls (COCOM), since they do not adhere to the Helsinki Final Act, and also the unjust application of antidumping measures. [passage omitted]

The establishment of a uniform internal market in the EEC, which will provide for a free movement of capital, people, goods, and services, is a serious challenge for us, and particularly for our production and our foreign trade organizations.

Probably these issues will be discussed at the next meeting of the parliamentary groups of the CEMA and EEC states.

Correction to Strougal Speech to CEMA Session

The following correction pertains to the item headlined "Further Reportage on 44th CEMA Session," subheaded "Strougal Gives Speech," published in the 13 July Eastern Europe DAILY REPORT, page 1:

column one, paragraph three, line two reads: ...course of action in all details on a multilateral basis.... (providing phrase "in all")

same column, paragraph four, line one reads: In assessing the activity of the CEMA bodies, I would.... (providing "CEMA")

U.S. Inspectors Examine Former INF Sites

Conclude Work in GDR

LD2007143588 East Berlin ADN International Service in German 1358 GMT 20 Jul 88

[Text] Berlin, 20 Jul (ADN)—The U.S. INF inspectors currently in the GDR completed their activities today. At the Leipzig-Scheuditz Airport they were seen off by representatives from the Ministry of Foreign Affairs, from the Ministry of National Defense, and from the Moscow Center for the Reduction of Nuclear Risk in the Group of Soviet Forces in Germany. Between 18-20 July 1988, two inspection groups inspected former bases in the GDR on the basis of the Soviet-U.S. Treaty on the Elimination of Intermediate- and Shorter-Range Missiles. During their inspections they visited the former bases at Waren, Wokul, Bischofswerda, and Koenigsbrueck, where SS-22 [as received] missiles had been stationed up to 25 February 1988.

Will Check N. Moravia Bases

LD2007160288 Prague CTK In English 1456 GMT 20 Jul 88

[Text] Prague July 20 (CTK)—The United States asked today for permission to inspect a former missile base in Hranice, North Moravia, on the basis of the Soviet-U.S. Treaty on the Elimination of Medium- and Shorter-Range Missiles.

In tune with the agreement among Czechoslovakia, the Soviet Union and the German Democratic Republic on inspections and their implementation, Czechoslovakia voiced consent.

The group of ten inspectors will arrive in Czechoslovakia tomorrow.

Arrive in Prague 21 Jul

LD2107084288 Prague CTK in English 0737 GMT 21 JUL 88

[Text] Prague July 21 (CTK)—A group of ten U.S. inspectors arrived here today to verify compliance with commitments arising from the Soviet-U.S. Intermediate Nuclear Forces (INF) treaty at a former missile base at Hranice, North Moravia.

The on-site inspection is carried out in tune with an agreement between Czechoslovakia, the USSR and the GDR, signed by the foreign ministers of these countries in Berlin on December 11, 1987.

A total of 39 Soviet operational tactical missiles with a range of 500 to 1,000 kilometres including nuclear warheads and 24 mobile launchers were moved from Hranice in February and March this year, i.e. before the ratification of the INF Treaty, to the site of their liquidation in the USSR. These weapons were deployed in Czechoslovakia in response to the deployment of U.S. medium-range missiles and Pershing 2 missiles in Western Europe.

The former missile base at Hranice houses at present a Czechoslovak People's Army corps.

The U.S. inspectors will go to Hranice today and will immediately start inspecting activities. Under the adopted documents, the inspection can take 24 hours and can be extended by another eight hours.

Recent Warsaw Treaty Proposals Evaluated
AU2007112588 Tirana ATA in English 0925 GMT 20 Jul 88

["Warsaw Treaty Proposals and the Real Demands of the Peoples of Europe"—ATA headline]

[Text] Tirana, July 20 (ATA)—The newspaper ZERI I POPULLIT in its issue today publishes the article under the above title by the journalist Shaban Murati concerning the conclusion of the meeting of the Political Consultative Committee of the Warsaw Treaty and the proposals on disarmament made there. The article says among other things:

A main idea derives from a careful analysis of these proposals: the Warsaw Treaty seeks by all manner of means an equilibrium of forces and power with the Atlantic pact. It is aimed at such an equilibrium, which would be able to ensure the necessary potential to realize in each military bloc the duties that their leaders, the United States of America and the Soviet Union have charged them with in the region and outside it.

Such a military equilibrium, making also mutual reductions of force and armaments, is dictated in the first place by the need of the Soviet Union and the Warsaw Treaty to free financial sources and human forces, engaged in the grave and expensive armament race. Certainly both sides are interested to free funds and human forces, but without affecting the power of the blocs on the member countries and the American and Soviet power on the blocs.

Through its own proposals and those of the Warsaw Treaty, the Soviet leadership wants to profit from the propaganda advantage as compared with the United States in this respect. Washington is much worried to preserve its military presence and control in the NATO member countries—that is why it does not devote great attention to the proposals that have to do with disarmament on the European continent. It is afraid of the fact that the West Europeans familiarize with the idea of the reduction and withdrawal of the U.S. troops and arms from their territory. Differently from the United States, West Europe takes greater interest in the problems and proposals that have to do with the presence of the superpowers' military forces on the European territory. West Europe considers the Soviet proposals as a case to facilitate the American military heavy burden and mitigate the Soviet threat.

The West Europeans' concern to facilitate and free themselves from the U.S. military burden is the same with that of the East Europeans to avoid the Soviet military presence.

In essence, Mikhail Gorbachev's new proposals and those of Warsaw Treaty constitute an intensification of the proposals made even before, excluding the conference on ecology. This element cannot but remind one of the content and fate of the previous proposals, at least the main ones. For the past 15 years the two blocs have conducted talks in the Austrian capital on the forces and troop reduction in central Europe. Their result is already known. If the two blocs have not agreed only on a region for such a long period of time, how will they agree on the whole European structure of their forces. On the other hand, it is known what military equilibrium is attained and preserved between the imperialist military blocs and powers, in whose relations operates the law of attaining by all manner of means the military and political supremacy.

The European peoples are more than any one else interested in the reduction, removal and elimination of the conventional and nuclear weapons on our continent, are interested in the removal of the military presence and of the foreign bases from their countries. But these genuine demands of the European peoples, cannot be fulfilled by those who have created such a situation in Europe.

Socialist Albania, as a European country, joins with the real demand of the European peoples for the removal of the foreign basis, and nuclear weapons from Europe the destruction of the military blocs in Europe, the removal of the presence and the interference of the superpowers in the life of the European countries.

Japanese Ambassador Otsuka Departs 20 July
AU2007191588 Tirana Domestic Service in Albanian 1800 GMT 20 Jul 88

[Text] On the occasion of his transfer, Hirohiko Otsuka, ambassador extraordinary and plenipotentiary of Japan to the People's Socialist Republic of Albania, left our country today.

Politburo Calls For Improved Fruit Growing
AU2007115188 Tirana ZERI I POPULLIT in Albanian 16 Jul 88 p 1

[Editorial: "For an Immediate, Major Turning Point in Fruit Growing"]

[Text] At a recent meeting, the AWP Central Committee Politburo considered increasing efficiency in fruit growing and placing it on a sound scientific basis. The conclusions that emerged, the decisions taken, and the vital and specific tasks set for today and the future testify once again to the party's great care for this sector of agriculture, whose fast development is indissolubly tied to the continual increase of the people's prosperity and the incessant strengthening our people's economy. It was emphasized at the meeting that life has proved the total correctness and long-term value of the guidelines set by the Eighth AWP Congress for supplementing the number of fruit trees per hectare and increasing the existing stock of orchards and vineyards.

The state and the cooperatives have made large investments in creating orchards, olive groves, and vineyards on an industrial scale. Millions of leks continue to be invested every year in this sector. Nevertheless, the Politburo meeting stressed, fruit growing remains the most backward agricultural sector. There are significant shortcomings and undesirable trends in this sector that reduce the value of these investments and the great labor that has been carried out. Yields in fruit growing are minimal, and, still worse, a tendency for them to fall has been noticed. This happens even though it is well known that the conditions of our country offer major opportunities for the development of fruit growing, as shown by the distinguished experience of the Korce and Peshkopi agricultural enterprises, the Perlat Rexhepi enterprise at Lukove, and so forth. This unsatisfactory situation, the Politburo pointed out, places a great responsibility before the Ministry of Agriculture, district management authorities, and financial bodies. It is up to them to answer the question of how it has happened that production plans have not been more than 60-70 percent fulfilled for years on end, and that millions and millions of pieces of fruit that are reported as picked are being lost. One cannot talk of efficiency in this sector, when hundreds of millions of leks are spent without control over this investment, when we invest over a long period and still have in production only 46 percent of the total number of fruit trees. One cannot talk about efficient fruit production when this sector supplies only 6 percent of the total agricultural production, although it occupies 17 percent of the cultivatable land.

Faced with such facts, the Politburo meeting underlined that there is no room for the selective comparisons and tendencies to embroider the situation that were seen in the report presented by the Ministry of Agriculture, nor for viewing with complacency and indifference the large-scale misuse of land planted with fruit trees and vines. Information that fails to inform, reports that fail to report, are no use to anybody. The situation must be recognized realistically and concretely, the causes of this backwardness must be identified, and solutions prescribed.

At its meeting, the Politburo decided to mark an immediate and major turning point in fruit-growing. Major opportunities exist to improve the situation in this sector, and to increase production and profitability. People's actual labor, the meeting underlined, is and will be in the future the decisive factor in increasing production. "It must be clear to us," Comrade Ramiz Alia said in his speech to the Politburo, "that at the present stage, and in the future, people's actual labor will make up the principal body of annual investment and expenditure in the orchards and vineyards."

In fruit-growing, everything is in the hands of the working people and specialists. Without labor and a proper appreciation of labor, neither mechanization nor chemical fertilizer can achieve the turning point that is called for in this important sector of the economy. People's labor is indispensable in systematizing, watering, tree cutting, and other agricultural and technical tasks. The planting of saplings, their growth and introduction to production, yield per tree, production per hectare, and the effectiveness of investment depend upon the quantity and quality of actual labor that is expended. The more expectations for production and yield rise in this sector, the Politburo meeting said, the greater is the size of the work force that must be provided. This is the reason why measures must be taken to provide all the work force that is necessary and to supply a material-technical base planned on scientific criteria. For these demands to be met, certain harmful practices and habits must be abandoned once and for all, such as detailing the orchard work force outside its own sector for most of its time, setting low fruit yields at the planning stage, and skimping on attention to the crop, that prevent the intensification of fruit-growing and result in intermittent production. Simplifying prophylactic measures and reducing attention to trees on the pretext of cutting costs are very harmful practices and examples of wrong thinking. The tendency of planning bodies to lay down targets typical of extensive fruit-growing is not logical or sound economics. When we assess production efficiency, it was stressed at the meeting, we must not lapse into economism. Efficiency is inseparable from production. There can be no efficiency without production. Costs can be reduced and profitability in fruit-growing increased only by increasing the yield of each tree.

The organization of labor and production in this sector is also a large area that is tied to increasing efficiency. Specialized orchard sectors and brigades, which have proved their effectiveness where production is concentrated in a single area, must be further reinforced, given labor resources, and supplied with the necessary equipment and cadres. But the Politburo stressed that these organizational measures must be carried out with circumspection and where they are appropriate, and not in cases where the plots and the trees are not concentrated in one place.

The ninth congress issued the directive that investments and other measures for the further development of fruit growing should, according to the party's guidelines, be primarily aimed at supplementing the number of trees per hectare, intensifying the services carried out to existing groups of trees, increasing their yield, and smoothing out irregularities in production, especially of olives. However, the Politburo meeting pointed out, the level of effectiveness of investments to increase the number of plants per hectare in plantations and vineyards continues to be very low because of subjective reasons. The task was therefore set of working on a broad front to renew and supplement the stock of trees in all existing plantations, and doubling and trebling yield per tree, by 1995.

It was stressed at the meeting that strict regulations must be enforced to ensure the sound management of the entire stock of fruit trees. This entails closer supervision

and documentation at all levels, especially on the part of the Agricultural Bank and the other responsible bodies, to find out what happens to investments, to avoid disbursing large funds for fictitious labor, and to enforce the regulations governing the movement and administration of the fruit-growing sector's resources. The agriculture and finance ministries, the Agricultural Bank, and the district AWP executive committees must analyze the situation and take severe measures to prevent laxity, strictly enforcing the legal provisions governing the field of investment.

In fruit-growing, we work for today, but must give more thought to the years to come. The Politburo meeting criticized the harmful tendency to neglect the isolated fruit trees and arbors that make up 20 percent of the stock. The failure to replace old fruit trees that are disappearing fast as a result of systemization is a shortsighted way of working. We must therefore revive the tradition of our farmers; young trees can and must be planted alongside all our recently systemized terraces and dikes. Similarly, thinking about the future means not neglecting the cultivation of growing trees. Delays and imbalance in fruit-growing and viticulture, the Politburo pointed out, have consequences that injure the future, and that are difficult and time-consuming to repair.

The Politburo meeting devoted particular attention to the industrial processing of fruit and the transportation of production. Agriculture is still hampered by shortcomings in industry and particularly in the transportation sector. Therefore, the meeting stressed, severe economic sanctions must be taken against industries and the transportation sector when they cause damage to fruit.

The decisions taken by the Politburo to increase the efficiency of fruit-growing and place it on a scientific basis make up an important program of work, for today and the future, not only for working people in agriculture, but in the industry and the retail and transportation sectors. Implementing these decisions imposes important tasks upon party bodies and organizations in the districts, upon all communists, state and economic bodies, the ministries and their dependent scientific research institutes, and upon all working people, managers, and specialists in these sectors of the economy. These decisions can be consistently implemented if this very important problem of our national economy is firmly tackled. Opportunities exist of not only gradually increasing production, but doubling and trebling yields.

Economic Progress Report for 10-16 Jul

AU1607195388 [Editorial Report] Tirana Domestic Service in Albanian in its transmissions from 10-16 July carries the following economic performance reports (time and date of transmission in parentheses):

Berat District: The food processing factory exceeded its production plan by 3 million leks. (1800 GMT 14 July)

Durres District: Fifty collectives are reported to have fulfilled their plans up to 10 July. (1800 GMT 12 July) Thirty-five collectives report having fulfilled their plans up to 10 July. (1800 GMT 13 July)

Fier District: The food processing plant has overfulfilled its production target by 10 million leks. (1800 GMT 15 July)

Gjirokaster District: Fifteen industrial collectives report having fulfilled their plans up to 10 July. (1800 GMT 13 July)

Kolonje District: The industrial production plan up to 10 July was overfulfilled by 5 million leks. (1800 GMT 14 July)

Korce District: The industrial production plan for the 6-month period was overfulfilled 1.1 percent. (1800 GMT 11 July)

Kukes District: The 6-month industrial production plan was overfulfilled by 4.3 million leks. (1800 GMT 11 July)

Mirdite District: As a result of a 2.5 percent increase in productivity over and above the planned target, the overall industrial production up to 10 July was exceeded by 3 percent. (1800 GMT 15 July)

Sarande District: The overall industrial production plan up to 10 July was fulfilled at 106 percent, with an excess production worth over 10 million leks. (1800 GMT 14 July)

Shkoder District: Sixty collectives report having fulfilled their respective plans up to 10 July. (1800 GMT 13 July)

Tropoje District: The overall industrial production plan up to 10 July was overfulfilled by 1 percent. (1800 GMT 16 July)

BCP CC Plenum Meets on Restructuring

Participants Listed

AU2107090488 Sofia RABOTNICHESKO DELO in Bulgarian 20 Jul 88 p 1

[Text] A plenum of the BCP Central Committee began on 19 July at the Boyana Residence. It was opened by Comrade Todor Zhivkov.

Comrade Yordan Yotov, member of the BCP Central Committee Politburo and BCP Central Committee secretary, spoke on the documents related to restructuring the intellectual sphere, which had been previously published and subjected to a nationwide discussion.

The following persons spoke at the plenum: Ilcho Dimitrov, member of the BCP Central Committee, minister, chairman of the Higher Study Council; Todor Nikolov, chairman of the Higher Certifying Commission; Lyubomir Levchev, member of the BCP Central Committee and chairman of the Union of Bulgarian Writers; Vancha Doycheva, chairman of the Union of Bulgarian Actors; Matey Mateev, first secretary of the BCP Committee at Sofia's Kliment Okhridski University; Stanish Bonev, member of the BCP Central Committee and rector of the Academy on Social Sciences and Social Management at the BCP Central Committee; Panteley Zarev, member of the BCP Central Committee and deputy chairman of the Bulgarian Academy of Sciences; Nikolay Zhishev, member of the BCP Central Committee and first secretary of the BCP Burgas Oblast Committee; Asya Emilova, member of the State Council and principal of the elementary school at Byala Palanka Village, Burgas Oblast; Atanas Atanasov, candidate member of the BCP Central Committee and director of the Central Laboratory on Genetic Engineering at the Agrarian Academy; Andrey Bundzhulov, candidate member of the BCP Central Committee and first secretary of the Dimitrov Komsomol Central Committee; Stanka Shopova, member of the BCP Central Committee and secretary of the BCP Sofia City Committee; Ivan Popov, member of the BCP Central Committee and chairman of the Central Council of the Scientific-Technical Unions in Bulgaria; Diko Fuchedzhiev, candidate member of the BCP Central Committee and director of Ivan Vazov National Theater; and Blagovest Sandov, deputy chairman of the Bulgarian Academy of Sciences.

Summaries of the speeches are published in the newspapers.

The following figures are taking part in the plenum's work in addition to the members and candidate members of the BCP Central Committee: The chairman and members of the Bureau of the BCP Central Control-Auditing Commission; the secretary of the Bulgarian Agrarian National Union and members of its Permanent Board; and figures from the spheres of science, culture, and education, and leaders of the mass media.

The BCP Central Committee plenum is continuing.

Leaders 'Relieved of Responsibilities'

AU2007190288 Sofia BTA in English 1434 GMT 20 Jul 88

["Resolution of the Plenum of the CC of the BCP"—BTA headline]

[Text] Sofia, July 20 (BTA)—The plenum endorsed as a base for the restructuring in the intellectual sphere in Bulgaria the documents: Mr Todor Zhivkov's remarks made before the Politburo of the CC of the BCP "Some Problems and Tasks in the Restructuring of the Intellectual Sphere"; "Guidelines and Tasks in Restructuring the Scientific Front"; "Guidelines and Tasks of Restructuring in the Fields of Artistic Expression" and "For an Ongoing Reform of the System of Education".

The plenum assigned the Politburo of the CC of the BCP, on the basis of the nationwide discussion and the debates at the plenum, to introduce the necessary amendments to the documents on the restructuring in the intellectual sphere.

These documents will be submitted as a platform for the preparation of the forthcoming congresses of science, arts and education.

The plenum considered certain organizational questions and unanimously resolved: It relieves Mr Svetlin Rusev of his responsibilities as member of the CC of the BCP; relieves Mr Stoyan Mikhaylov of his responsibilities as secretary of the CC of the BCP; complies with the request of Mr Stanko Todorov to be relieved of his responsibilities as member of the Politburo of the CC of the BCP, and with the request of Mr Chudomir Aleksandrov to be relieved of his responsibilities as member of the Politburo and secretary of the CC of the BCP.

Yordanov Speaks on Changes

AU2007184988 Sofia BTA in English 1738 GMT 20 Jul 88

["The BCP CC Plenum Ends"—BTA headline]

[Text] Sofia, July 20 (BTA)—The plenum of the CC of the BCP on the restructuring of intellectual sphere has completed its work.

Mr Todor Zhivkov, secretary general of the CC of the BCP, addressed the plenum.

Mr Georgi Yordanov, minister of culture, science and education and alternate member of the Politburo of the CC of the BCP, as well as the other speakers, assessed the character of the measures for innovation of culture, science and education as revolutionary.

Among the many problems of restructuring he mentioned the need of democratization of intellectual life.

The effect of the personality cult, of command-administrative methods and bureaucracy has been grave, but that does not mean that we must renounce what has been done till now. I think that we will do the right thing if we don't start from the beginning, but continue to build on it, said Mr Georgi Yordanov. Without avoiding the weaknesses and deformations mentioned in the materials of the plenum, he stressed also the achievements of Bulgarian culture, and one of them is the social-cum-public principle in culture. The results of its application, according to the minister, is a pledge for further development of self-management.

Mr Georgi Yordanov said that high-ranking offices in the intellectual sphere should not be held for more than two terms, he stood in support of the principle for several applicants for one post, for application of the competitive principle.

He quoted some positive results of the curbing of administrative personnel, of the decentralization of intellectual life—topics that were present in other statements as well.

Minister Yordanov agreed with the criticism made against some unsatisfactory conditions for work and the poor technological basis in some big cultural, scientific and educational institutes. Mr Yordanov approved of the proposal that creative workteams should be formed voluntarily and that they should be able to associate with other self-governed organizations.

Mr Georgi Yordanov paid attention to publicity as well, to the broadening of discussions, questions that have been viewed by the other speakers as well. In his opinion, pluralism of opinions should become a norm of intellectual life.

Mr Yordanov stood for "partnership with everything constructive in world culture, science and education". The relations with the USSR and with the other socialist countries are a marvellous example in this respect, said he.

He spoke also of the need of efficient economic, normative and creative conditions for high professionalism everywhere and in everything.

Leaders of art unions, of scientific and cultural institutes, and party functionaries, who spoke during the second day of the plenum, supported the main concepts in the draft documents for changes in culture, science and education. They agreed with the conclusion of weaknesses in the organization and management of culture in the beginning of the eighties, and agreed with the criticism against the art unions.

Opinions were expressed about determining the spheres of action of the administrative and professional-creative functions of the unions—associations of artists in different spheres, and of scientists. The speakers stood for greater independence of the art unions.

The speakers stood also for simplifying of organizational structures, for the principle of electivity, for shortening of terms for holding different offices.

Some of the delegates spoke of the requirement for organizational independence of art and scientific criticism.

The plenum discussed also the cultural needs of municipalities, the relations between national and local cultural institutions which need democratization.

In a number of the statements the problems of young people whose professional expression is often delayed were mentioned.

The participation of the intelligentsia in the restructuring, glasnost, and pluralism of opinions as a base of the democratization of cultural life, these were themes present in the statements by the participants in the plenum.

Plenum Ends 20 Jul

AU2007190388 Sofia Domestic Service in Bulgarian 1500 GMT 20 Jul 88

[Excerpt] Today the plenum of the BCP Central Committee ended in Sofia. The following people made speeches during the discussion of the documents on restructuring in the intellectual sphere at today's session:

Georgi Yordanov, candidate member of the BCP Central Committee and minister of culture, science, and education; Siyka Neykova, member of the BCP Central Committee and secretary of the Fatherland Front National Council; Radoslav Radev, candidate member of the BCP Central Committee and editor in chief of RABOTNICHESKO DELO; Vasil Prodanov, professor at the Academy of Social Sciences and Social Management under the BCP Central Committee; Khristo Neykov, candidate member of the BCP Central Committee and chairman of the Bulgarian Artists Union; Vasil Mikhov, director of the Model Technical School for Electronics in Mikhaylovgrad; Georgi Stoilov, member of the BCP Central Committee and chairman of the Bulgarian Architects Union; Mincho Lalev, secretary of the reading room in Kazanluk; and Todor Zhivkov, general secretary of the BCP Central Committee.

After the discussion, the BCP Central Committee adopted a decision. [passage omitted]

'Monopolism' in Science Denounced

AU2007172988 Sofia TRUD in Bulgarian 19 Jul 88 p 3

[Prof Dr Yanko Enchev article: "Science Is Not a Feudal Possession"]

[Text] There is no doubt that monopolism in science is a great source of stagnation. This is the reason why I cannot agree with certain scientists who believe that

monopolism in our scientific sector can be considered as eliminated just because work on certain problems (such as kinetics and catalysis) is not conducted in one single scientific institute (called mono-problematic), but in several institutes. The manifestations of monopolism on the research front are numerous in my opinion, but I will point out only a few of them:

Democracy and replaceability of leading cadres are important prerequisites for the development of science. There are cases in which scientists have occupied a director's post for over a quarter of a century, and there are people who have been directors in two different eras (before and after 1944). Under these circumstances of prolonged leadership, the chief not only becomes the manager, but also the "owner" of a scientific institute. Such directors usually publish large amounts of scientific works every year, since they are "co-authors" of numerous fellow-workers in the respective scientific unit. To make sure that a scientific book will be published as promptly and reliably as possible, the original author of a work also includes the director of the respective institute as co-author. This is being done because the director is the chief editor of the collected volumes published by the institute; he is also editor in chief of the scientific journal, and chairman of the scientific council in charge of awarding scientific titles and degrees.

If a leading scientist should abandon his director's post after some time, the authors of scientific works may wait for a while, but since he is not removable, citing the director as co-author has become inevitable.

An other manifestation of monopolism is the fact that the same person is assigned several leading functions. He is simultaneously chief of the laboratory, dean of a university department, and chairman of a scientific, or specialized council, chairman of a commission, or member of the presidium of a higher academic council, chairman of a scientific-creative union, or association, and so forth. All this diverts him from his immediate scientific tasks and turns him into an administrator. Such a manifestation of monopolism results in administrative-command methods of leadership. Thus, for example, Prof Kiro Kostov, rector of the Higher Scientific Institute in Plovdiv simultaneously exercises over 10 functions in the scientific and educational fields, for which he has been repeatedly criticized, but nothing has changed.

As a result of monopolism the administrative-command methods are widely used for the settlement of the personal affairs and official position of the leading cadres on the scientific front. In developed countries scientists are not admitted to competitions for scientific degrees and titles if they occupy administrative posts in the scientific sector. Why do such scientific workers not defend their doctor's dissertations, or become professors at an earlier or later stage, but instead take advantage of the time when they hold managerial posts or positions of authority? Their administrative position certainly influences the competition, exercising pressure both on the reviewers, and upon the members of the scientific council. A real development of cadres requires the scientists' own efforts and not administrative support.

The influence of monopolism and administrative-command methods also influences the competitive-elective principle in science. It is known that a competition for a scientific degree is announced following the preliminary authorization for a certain individual to participate. This is why, as a rule, the nominated candidate presents himself at this particular competition, while other potential competitors patiently wait for their turn. Yet, the concept "competition" means to compete, namely to compete for the selection of the most appropriate candidate. It is obvious that the selection is limited, since a candidate has been designated in advance and the result of the competition has, to a great extent, already been determined.

The Bulgarian Academy of Sciences should set an example of genuine competitions in the struggle against monopolism. According to the existing rules and laws of the Bulgarian Academy of Sciences, competitions for corresponding members and academicians are also announced for preliminarily designated candidates. Even the institutes authorized to propose the approved candidates for the aforementioned competitions are specified in advance. Thus, no scientist is entitled to compete for the preliminarily determined result of such competitions unless he has been proposed by the respective institutes.

I propose that the aforementioned restrictions should be eliminated and every Bulgarian scientist who possesses the necessary qualifications should be entitled to participate on his own (and not with the recommendation of given institutes) in competitions for corresponding members and academicians at the Bulgarian Academy of Sciences

It has become urgently necessary to stop bestowing scientific titles and degrees upon people who are not working in the scientific field, but are engaged in administrative-managerial work. In doing so we will reduce the inflation of scientific degrees and titles, since in certain departments of our higher educational institutions there are 8-10 professors and only half as many assistants. In the world famous universities, no more than one or two professors are teaching in one department. It is necessary to eliminate the practice existing in our country that professors should conduct practical exercises. It is inadmissible that a professor should have a minimum of 30 lectures, but conduct 300 hours of exercises. Such an expensive form of education does not exist anywhere else.

Leaders' Public Appearances 8-15 Jul

AU1507200788 [Editorial Report] Sofia Domestic Service in Bulgarian in its newcasts, the Sofia press, and BTA during the 9-15 July monitoring period report the following public appearances of Bulgarian leaders (sourceline of each report given in parentheses):

The following leaders attended the opening of the Fourth International Children's Assembly "Banner of Peace - Sofia'88" in the People's Palace of Culture in Sofia on 10 July: Todor Zhivkov, Georgi Atanasov, Yordan Yotov, Milko Balev, Pencho Kubadinski, Petur Mladenov, Petur Tanchev, Stanko Todorov, Chudomir Aleksandrov, Georgi Yordanov, Petur Dyulgerov, and Dimitur Stanishev. (Sofia RABOTNICHESKO DELO in Bulgarian 11 Jul 88 p 1)

Todor Zhivkov, Georgi Atanasov, Dobri Dzhurov, Petur Mladenov, and Dimitur Stanishev departed from Sofia on 14 July to attend the Warsaw meeting of the Warsaw Pact Political Consultative Committee. (Sofia BTA in English 1711 GMT 14 Jul 88)

Georgi Atanasov, Milko Balev, Petur Mladenov, Georgi Yordanov, and Dimitur Stanishev attended a dinner given by Zhivkov for Burmese Prime Minister U Maung Maung Kha in Sofia on 12 July following his reception of the Burmese Prime Minister. (Sofia OTECHESTVEN FRONT in Bulgarian 13 Jul 88 p 1)

Chudomir Aleksandrov, Milko Balev, and Dimitur Stanishev had meetings with Ms Elli Iseboud, chairman of the Communist Party of the Netherlands, during her stay in Bulgaria on holiday that ended on 15 July, when Aleksandrov had his meeting with her in Sofia.(Sofia BTA in English 1743 GMT 15 Jul 88)

Todor Zhivkov, general secretary of the BCP Central Committee and chairman of the State Council, received in Sofia on 9 July Henry Ruiz Hernandez, member of the National Directorate of the Sandanista National Liberation Front and minister of foreign economic cooperation of Nicaragua. (Sofia BTA in English 1745 GMT 9 Jul 88) In Sofia on 10 July he opened the Fourth International "Banner of Peace" Children's Assembly. (Sofia Domestic Service in Bulgarian 1458 GMT 10 Jul 88) In Sofia on 11 July he received Federico Mayor Zaragoza, director general of UNESCO, (Sofia BTA in English 1854 GM 11 Jul 88) and foreign guests to the "Banner of Peace" Assembly. (Sofia BTA in English 1924 GMT 11 Jul 88) In Sofia on 12 July he received the Burmese prime minister, U Maung Maung Kha, (Sofia BTA in English 1218 GMT 12 Jul 88) and gave a luncheon in his honor. (Sofia RABOTNICHESKO DELO in Bulgarian 13 Jul 88 p 1) On 12 July he also attended the funeral at the Central Sofia Cemetery of a veteran Communist, Lyuben Bozhev, inactive for a number of years. (Sofia RABOTNICHESKO DELO in Bulgarian 13 Jul 88 p 6)

Georgi Atanasov, member of the BCP Central Committee Politburo and chairman of the Council of Ministers, welcomed U Maung Maung Kha, prime minister of Burma, on his arrival at Sofia Airport on 10 July. (Sofia BTA in English 1734 GMT 10 Jul 88) In Sofia on 11 July he started talks with the Burmese prime minister, (Sofia BTA in English 1228 GMT 11 Jul 88) and gave a dinner in his honor at which toast speeches were exchanged. (Sofia BTA in English 1846 GMT 11 Jul 88) In Sofia on 12 July Atanasov received UNESCO Director General Federico Mayor Zaragoza. (Sofia BTA in English 1945 GMT 12 Jul 88) Atanasov saw off the Burmese prime minister at Sofia Airport on 12 July. (Sofia Domestic Service in Bulgarian 1300 GMT 12 Jul 88)

Ognyan Doynov, member of the BCP Central Committee Politburo, attended a national day reception at the French Embassy in Sofia on 14 July. (Sofia Domestic Service in Bulgarian 1930 GMT 14 Jul 88)

Army General Dobri Dzhurov, member of the BCP Central Committee Politburo and minister of national defense, saw off at Sofia Airport on 11 July the Soviet cosmonauts who took part in the second Soviet-Bulgarian space flight. (Sofia RABOTNICHESKO DELO in Bulgarian 11 Jul 88 p 6)

Petur Mladenov, member of the BCP Central Committee Politburo and minister of foreign affairs, conferred with Burmese Prime Minister U Maung Maung Kha in Sofia on 12 July. (Sofia BTA in English 2006 GMT 12 Jul 88)

Yordan Yotov, Politburo member and secretary of the BCP Central Committee, also saw of the Soviet cosmonauts at Sofia airport on 11 July. (Sofia RABOTNICHESKO DELO in Bulgarian 11 Jul 88 p 6)

Andrey Lukanov, candidate member of the BCP Central Committee Politburo and minister of foreign economic relations, attended Zhivkov's reception in Sofia on 9 July of Henry Ruiz Hernandez of Nicaragua. (Sofia RABOTNICHESKO DELO in Bulgarian 10 Jul 88 p 1)

Georgi Yordanov, candidate member of the BCP Central Committee Politburo and minister of culture, science, and education, spoke at a session of the Bureau and Council of the "Lyudmila Zhivkova" International Foundation in Sofia on 9 July. (Sofia RABOTNICHESKO DELO in Bulgarian 10 Jul 88 pp 1, 2) He opened a meeting of the organizational and initiative committees of the Fourth "Banner of Peace" Children's Assembly in Sofia on 10 July. (Sofia Domestic Service in Bulgarian 1930 GMT 10 Jul 88) In Sofia on 11 July he had a meeting with Federico Mayor Zaragoza, director general of UNESCO, (Sofia RABOTNICHESKO DELO in Bulgarian 12 Jul 88 p 1) and received Gerard Montaigne, secretary general of the International Federation of Education Workers. (Sofia BTA in English 1925 GMT 11 Jul 88) In Sofia on 12 July he gave an official dinner in honor of UNESCO Director General Zaragoza, (Sofia Domestic Service in Bulgarian 1930 GMT 12 Jul 88) and also saw off the departing Burmese prime minister, U Maung Maung Kha, at Sofia Airport. (Sofia Domestic Service in Bulgarian 1300 GMT 12 Jul 88) In Sofia on 13 July he signed a memorandum with UNESCO Director General Zaragoza on the results of the latter's visit. (Sofia Domestic Service in Bulgarian 1930 GMT 13 Jul 88) In Sofia on 14 July he made a greetings speech at the

Fourth International "Banner of Peace" Children's Assembly, (Sofia Domestic Service in Bulgarian 1730 GMT 13 Jul 88) presented Agatha Barbara, former president of Malta, with the Stara Planina decoration for her contribution to the work of the "Banner of Peace" children's movement and the Lyudmila Zhivkova Foundation, (Sofia Domestic Service in Bulgarian 1930 GMT 14 Jul 88) and received a Libyan guest to the Children's Assembly, Saif al-Islam Mu'ammar al-Qadhdhafi. (Sofia BTA in English 1746 GMT 14 Jul 88)

Emil Khristov, secretary of the BCP Central Committee, took part in a plenum of the Mikhaylovgrad Oblast BCP Committee in Mikhaylovgrad on 15 July that discussed the oblast's economic development and the handover of socialist property to the labor collectives. (Sofia Domestic Service in Bulgarian 0900 GMT 15 Jul 88)

Vasil Tsanov, secretary of the BCP Central Committee, received a working group of the CPSU Central Committee led by Boris Istomin, chief of a section in the Agriculture and Food Industry Department of the CPSU Central Committee, during their visit to Bulgaria from 4 through 8 July. (Sofia RABOTNICHESKO DELO in Bulgarian 9 Jul 88 p 2) Tsanov also received a second CPSU Central Committee working group, led by Viktor Savelyev from the Economics Department of the CPSU Central Committee, that ended its visit on 15 July. (Sofia Domestic Service in Bulgarian 1930 GMT 15 Jul 88)

Iranian Acceptance of Resolution 598 Welcomed
LD2007142188 Prague CTK in English
1318 GMT 20 Jun 88

[Text] Prague July 20 (CTK)—Czechoslovakia welcomes with great satisfaction the decision of the Iranian leadership to accept U.N. Security Council Resolution No. 598, Czechoslovakia's Foreign Ministry spokesman stated today adding that this step creates the basic precondition for an end to the eight-year bloody and completely nonsensical conflict.

Czechoslovakia has always striven for an end to the Iraq-Iran war conflict and for both sides to solve their disputes by peaceful, political means. An overall settlement of the situation in the Persian gulf would certainly be easier if warships of non-Gulf states, particularly the United States, were withdrawn from the area.

Iran's decision is a proof that the ideas of peace and peaceful solution of disputes are gaining ever more ground in the world. It will now be the task of the Security Council and the U.N. secretary-general to take practical steps in order to ensure that the resolution be put into life and become the basis for lasting peace in the region.

Afghan Delegation Arrives in Prague 4 July
LD0407231988 Kabul Domestic Service in Dari
1600 GMT 4 Jul 88

[Text] An Afghan delegation, headed by Afghan Deputy Prime Minister Mahbubullah Koshani, left today for the CSSR.

The Afghan delegation was met at Prague International Airport by CSSR Fuel and Power Minister Ehrenberger; the deputy fuel and power minister; a representative of the Foreign Ministry; and officials from the Afghan Embassy in Prague.

Strougal Talks With PDRY's Nu'man
LD0907085088 Prague Domestic Service in Slovak
1200 GMT 8 Jul 88

[Text] Federal Premier Lubomir Strougal today received Yasin Sa'id Nu'man [Chairman of the Council of Ministers of the People's Democratic Republic of Yemen] in Prague's Hrzan Palace. Nu'man had taken part in the 44th CEMA session. The two leaders exchanged information about the situations in their countries.

Lubomir Strougal spoke about the first results of the economic reforms and its influence on Czechoslovak foreign trade. Yasin Sa'id Nu'man spoke about the positions of the People's Democratic Republic of Yemen [PDRY] in the developing and Arab worlds, and the irreversible decision of his country's leadership to follow the path of building socialism. He expressed thanks for his invitation to the 44th CEMA session. They also discussed mutual economic cooperation, and suggestions for its expansion while observing the principle of mutual advantage.

During the talks they also discussed some important international issues, particularly in the Arab region and the Persian Gulf. They voiced interest in halting local conflicts by way of a political solution. Lubomir Strougal praised the principled stances of the PDRY Government.

Ambassador Speaks to UN Economic-Social Council
LD1207210888 Prague CTK in English
1950 GMT 12 Jul 88

[Text] Geneva July 12 (CTK)—Dealing with the results of the 44th session of the Council for Mutual Economic Assistance (CMEA) held on July 5-7 in Prague, head of the Czechoslovak delegation, Ambassador Milos Vejvoda addressed participants in a regular summer session of the U.N. Economic and Social Council here Tuesday.

He stressed especially the adoption of a collective concept of the international socialist division of labour for the years 1991-2005 which will become a foundation of the coordinated economic policy of the CMEA member states.

Milos Vejvoda also emphasized the willingness of the socialist countries to further extend and improve cooperation with the developing countries, to help secure their economic and political independence and contribute to a just solution of the problems of foreign debts. He pointed out that the Prague CMEA session welcomed the signing of a joint CMEA-EEC declaration on the establishment of official relations between these two economic alliances.

The Czechoslovak representative further explained Czechoslovakia's attitudes towards the main points of the agenda of the U.N. Economic and Social Council's summer session emphasizing the elaboration of concepts of international economic security and international ecological security submitted by Czechoslovakia and the Ukraine at the 42nd U.N. General Assembly session.

SED's Mueckenberger Meets Stepan in Prague
AU1407155188 Prague RUDE PRAVO in Czech
8 Jul 88 p 3

[CTK report: "Meeting Guests From the GDR"]

[Text] Prague—Miroslav Stepan, CPCZ Central Committee Secretariat member and leading secretary of the CPCZ's Prague City Committee, received on Thursday [7 July] a delegation of the SED Party Control Commission, headed by Erich Mueckenberger, the commission's chairman and SED Central Committee Politburo member; the delegation is currently visiting the CSSR at the

CPCZ Central Committee's invitation. The reception was attended by Norbert Kalusche, GDR ambassador extraordinary and plenipotentiary to the CSSR.

Czech Economist Comments on Reform
LD1707042888 Budapest Domestic Service in Hungarian 1400 GMT 16 Jul 88

[From the "168 Hours" program]

[Excerpts] [Announcer] We have come across an interesting news item recently, according to which the outstanding Czechoslovak economist Karel Kouba has been able, after a silence of 20 years, to join the work of the reform committee. Szabolcs Udvarhelyi wanted to get in touch with him, if only because there has not been real official confirmation of his return to public life.

[Udvarhelyi] I rang Professor Kouba at his Prague home to ask him about the truth of the reports that he has been asked to participate in the working out of the most recent Czechoslovak economic experiments; and in general, to ask him what he has been doing recently.

[Begin Kouba recording in vernacular, fading into superimposed Hungarian translation] During the past 17 years, I worked for large industrial enterprises. My speciality was the use of computers in the economic sphere. Privately, however, I continued my economic research as well. I was still mainly interested in the subject of economic reform.

Regarding the reports which have appeared in the foreign press, I have not been invited to participate in the work of the committee that is developing the present reforms. Nor have I heard that any of those who played a part in the earlier economic reforms would be a member of the present reform committee. As for myself, I was asked last month to work at one of the institutes of the Academy of Sciences and so I am now a member of the Institute of Forecasting. [end recording]

[Udvarhelyi] But he is now once again working in his specialized field. I added that presumably he could now continue his research. Professor Kouba said that he is still working mainly on the topic of economic reform. He is particularly interested in the question of why the economic reforms so far undertaken in Czechoslovakia have not met expectations. He is still mainly interested in what the preconditions are for successful economic reform. [passage omitted]

I asked Professor Kouba what, in his view, is necessary for the present processes to succeed. According to Professor Kouba, it is necessary to define clearly our own position and then to bring in effective measures. At the same time, he expressed the fear that during the past 20 years there has developed such a discontinuity among Czechoslovak economists that it might be difficult to carry out the natural effort to minimize the negative aspects of reforms and other decisions. I think, however, the professor went on, that the present program is some sort of hybrid between the reform which we implemented in 1958-59 and the one in 1965. It is my belief that the first breakthrough against the antireform atmosphere of the past 20 years has been achieved," the professor emphasized.

USSR Marshal Akhromeyev's U.S. Visit 'Good'
AU2007110788 Bratislava PRAVDA in Slovak 14 Jul 88 p 7

[Milan Rusko commentary in the "Word on Events" column: "The First Results"]

[Excerpts] This Monday [11 Jul] Marshal Sergey Akhromeyev, USSR's first deputy minister of defense and chief of the general staff of the USSR Armed Forces, concluded his 5-day official visit to the United States at the invitation of U.S. Admiral William Crowe, chairman of the joint chiefs of staff of the U.S. Armed Forces; the visit will hold a special place in the statistics of Soviet-American contacts on the level of military representatives.

The defense ministers of the two great powers met in Bern, Switzerland, and then later, during the Moscow meeting between Mikhail Gorbachev and Ronald Reagan; and S. Akhromeyev's present trip to the United States was one of the results of their negotiations. [passage omitted]

Although this was not exactly a working visit, both sides were interested in its ending with a specific result. As stated in the joint declaration issued at the conclusion of the visit, important steps had been taken to "avert dangerous military activity." The two sides showed interest in setting up a joint working team of military experts, to study the problem of a possible emergence of tension, and of a possible conflict due to activities which the other side could regard as a threat to sovereignty and security. The team should look for possibilities of forestalling or else explaining any possible misunderstandings.

The interests of the Soviet side are naturally far broader; it sees the main goal in finally halting both the armament race and disarmament, particularly nuclear disarmament, and in preventing the expansion of armament into outer space. The American stands are known, in fact U.S. Secretary of Defense Frank Carlucci recently explained them in the West German magazine DER SPIEGEL. [passage omitted]

It is a good thing that, regardless of the divergence of views and strategic concepts of both great powers, and despite the different contents of their foreign policies, it has been now confirmed that one can prevent an exacerbation of the situation and the disruption of the fine fabric of international detente (which is being born) by political means. The partners have agreed that this

summer the U.S. secretary of defense will pay an official visit to Moscow—which means that the program of his visit was among the things discussed during Sergey Akhromeyev's stay in the United States. It would be only logical if the Moscow visit under preparation were to cement the current trend, and have an even more beneficial effect on the security of the two great powers and on international peace.

Strougal Receives Ethiopian Deputy Premier

LD0907095988 Prague Domestic Service in Slovak 1500 GMT 8 Jul 88

[Text] Federal Premier Lubomir Strougal has received Tesfaye Dinka, deputy chairman of the Council of Ministers for finance and economic services of the People's Democratic Republic of Ethiopia. They spoke highly of the just-ended 44th CEMA session at which the Ethiopian official was taking part by invitation. They also discussed economic cooperation between Czechoslovakia and Ethiopia. Tesfaye Dinka expressed gratitude for Czechoslovakia's contribution to the industrialization of his country, and also requested that this form of cooperation continue.

Lubomir Strougal expressed the need to increase Ethiopia's exports to Czechoslovakia. In this context he stressed the tradition of our cooperation, Ethiopia's positions, and our government's interest in continuing in this direction in the future on the basis of mutual advantage.

MPLA Figure Visits, Rejects UNITA Talks

MB1007094188 Luanda Domestic Service in Portuguese 0700 GMT 10 Jul 88

[Text] In Prague, Paulo Junior, MPLA-Labor Party secretary for economic and social affairs, has rejected any possibility of talks between the Angolan Government and the gang in the pay of racist South Africa.

In a meeting with Jozef Husar, member in the Presidency and secretary of the Communist Party of Czechoslovakia [CPCZ] Central Committee for economic and social affairs, the Angolan official stated that there is no similarity between the situations in Angola and in Afghanistan. Paulo Junior described the news published by certain Western press qualifying the situation in Angola as one of civil war as mere speculation and cheap sensationalism.

After making it clear that the Angolan people are facing a war of aggression waged by racist South Africa, the Angolan official described the UNITA puppet gang as a mere instrument in the hands of the racist Pretoria regime.

Paulo Junior reiterated the Angolan Government's political goodwill and flexibility concerning the peaceful resolution of the conflict in southwestern Africa. In this regard, he briefed his Czechoslovak counterpart on the Cairo quadripartite talks.

The MPLA-Labor Party Central Committee secretary for economic and social affairs also noted that the Pretoria government has not known how to respond to Angola's flexibility. In this regard, he reaffirmed the Angolan Government's determination to continue striving for the implementation of UN Security Council Resolution 435/78.

In turn, the Czechoslovak official condemned the racist Pretoria regime for its policy of state terrorism against the People's Republic of Angola and other Frontline States. Within this context, he reiterated the solidarity of the Czechoslovak party, people and government with the Angolan people's struggle against the invading South African Army. He also expressed his country's willingness to strengthen its multifaceted support to Angola.

It should be recalled that the Angolan official led the Angolan delegation that attended the 44th CEMA summit as observer.

Briefs Students

MB1207081588 Luanda Domestic Service in Portuguese 1900 GMT 11 Jul 88

[Text] In Prague yesterday, Paulo Junior, secretary for the economic and social sector of the MPLA-Labor Party Central Committee, briefed Angolan students on developments in the political and military situation of the People's Republic of Angola. Paulo Junior described the battle for Cuito Cuanavale as unprecedented, making it the most important victory the Angolan army has achieved in the struggle against the racist South African invaders.

After explaining the reasons that led to the recent creation of military fronts, the Angolan official said the bandits in the pay of the Pretoria regime want to transfer their base northwards because they have missed the opportunity to operate from the south. He recalled that the Angolan Government is aware of [words indistinct] actions carried out by the UNITA puppet gang from a neighboring country.

The Central Committee member urged the students to be fully dedicated to associations such as the party's youth wing to avoid losing touch with the country's (?realities).

Jakes, Husak Congratulate FSLN's Ortega

AU2107080688 Prague RUDE PRAVO in Czech 19 Jul 88 p 1

[CTK report: "Congratulations to Nicaragua"]

[Text] Prague—Milos Jakes, general secretary of the CPCZ Central Committee, and CSSR President Gustav Husak have sent to Daniel Ortega Saavedra, coordinator

of the Executive Commission of the National Leadership of the Sandinist Front of National Liberation, the following telegram on the ninth anniversary of the victory of the Sandinist people's revolution:

Esteemed Comrade Ortega; on behalf of the CPCZ Central Committee, the Government and the people of the CSSR, and on our own behalf, we are sending to you, the Government and all people of the Republic of Nicaragua cordial congratulations on the occasion of an important date—the ninth anniversary of the victory of the Sandinist people's revolution.

The Czechoslovak people follow with profound respect and sympathies the efforts of the heroic Nicaraguan people for strengthening the independence and free progressive development of the country, for a just and peaceful settlement of the situation in Central America in the spirit of the Guatemala accords.

We are, with pleasure, making use of this important event to assure you of our solidarity and support in the difficult struggle for overcoming all obstacles on the road toward achieving the objectives of the Sandinist people's revolution. We are convinced that the relations of fraternal cooperation between our nations and parties will continue to strengthen in the interest of the people of our two countries, for the benefit of progress and peace throughout the world.

Delegation Leaves for Ecuadoran CP Congress

AU2107072688 Prague RUDE PRAVO in Czech 19 Jul 88 p 2

["Z"-signed report: "For Ecuadoran CP Congress"]

[Text] Prague—A CPCZ delegation headed by Vaclav Vaclavik, member of the CPCZ Central Committee and leading secretary of the North Moravian CPCZ Regional Committee, left by air on Monday [18 July] to attend the 11th Congress of the Communist Party of Ecuador.

Jakes Addresses Army's Political Chiefs

AU1807120888 Prague RUDE PRAVO in Czech 15 Jul 88 pp 1, 2

[CTK report: "Elevating Party Work in the Army to the Level of Today's Needs"]

[Text] Prague—An Army-wide consultation of chiefs of the political bodies of the Czechoslovak People's Army [CSLA] was held in Prague on Thursday [14 July], with Milos Jakes, general secretary of the CPCZ Central Committee, in attendance.

Colonel General Jaroslav Klicha, chief of the CSLA's Main Political Administration, said in the opening part of his speech that, under our Army's conditions, restructuring means, above all, a further increase in combat and political preparation, the strengthening of the moral and political condition of all members and units of the CSLA, and the exacting fulfillment of tasks in training. He stressed that in the CSLA, too, restructuring requires a general transition from quantity to quality.

He described the further intensifying of the CPCZ's leading role and of the activity, commitment, and exemplariness of Communists as being of particular importance. Strengthening the ties between the Army and the people, and the expansion of cooperation with the Soviet Army and the armies of the other socialist countries continue to be a task. The process of democratization is also going on under the specific conditions in the Army, which has been built up on the principles of consistent centralism and indivisible powers of command. Intensifying socialist democracy does not mean abandoning those principles, but increasing the role of the members of the CSLA in organizing life in units. In this connection, Colonel General Klicha noted the importance of the youth and trade union movements in the CSLA. He then spoke about party work in raising the quality of military training and improving relations among soldiers, about problems connected with the training of cadres, about solutions to social and working conditions in the CSLA, and a number of other issues.

In his speech in the debate, Army General Milan Vaclavik, CSSR minister of national defense, stressed that, from the viewpoint of ensuring the country's defense capability, the Army's mission has not been reduced in any way. He said that it would be an unpardonable mistake to underestimate the real danger which the imperialist forces pose, and ignore the fact that they have considerable resources and political influence, and that they continue their war preparations.

The consistent peace-loving policy of the socialist countries is not an expression of weakness, but proceeds from the new political thinking, from the awareness of the need to resolve problems solely by peaceful means. However, that does not exclude, but, on the contrary, presupposes the systematic safeguarding of the country's security, until the threat to it is over.

He also recalled the recent session of the Warsaw Pact defense ministers in Moscow. Its conclusions, he said, will also be projected into the CSLA, especially into organizational measures and into the political, operational, and combat training of commanders, staffs, and troops.

The minister spoke further about the process of changes in the style and methods of work, beginning with ministries and ending with individual formations. He underscored, in particular, the importance of responsible and competent decisionmaking, consistent monitoring of the implementation of tasks,and direct work with people.

From Comrade Milos Jakes' Speech [subhead]

In the debate Comrade Milos Jakes stressed that the consultation is taking place after the important ninth CPCZ Central Committee session which, linked with the conclusions of the seventh session of the party Central Committee, addressed issues of party work under the conditions of social and economic restructuring and democratization. Its importance lies, above all, in the fact that it arms the party, its bodies, and organizations with clear standpoints as to the direction in which it is necessary to focus attention in the restructuring of party work, so that it can correspond to the current requirements. These issues were also addressed by the statewide consultation of leading secretaries of the CPCZ district and regional committees, at which—on the basis of the results of the annual membership meetings and conferences—the current development in the party and society was openly assessed. Another important event was the recent 19th All-Union CPSU Conference, the course and results of which provide significant stimuli and inspiration for the CPCZ's activity. THe CPCZ Central Committee Presidium will discuss their utilization in the next few days.

Milos Jakes spoke further about topical tasks in the current stage of our society's restructuring, including the realization of the economic reform. In this connection he stressed, in particular, the need for the consistent implementation of the new principles of management in everyday practice, in management work, and in the activity of work collectives. The important thing is to introduce economic accountability within enterprises faster, to combat egalitarianism in remuneration, which is our great shortcoming, with greater courage. He drew attention to problems in the development of the national economy; above all, in the low effectiveness of scientific-technical development and the still high consumption of raw and other materials, and fuels and energy. He stressed that one must not wait for restructuring, but that it is necessary to overcome inertia in thinking and outdated approaches, raise the standard of direct management and improve the organization of work, and mobilize forces for the fulfillment of the tasks of this year and of the entire Eighth 5-Year Plan, on which the realization of our plans in the social policy sphere depends.

The general secretary of the CPCZ Central Committee further said that we perceive the economic reform as an integral part of social restructuring, the essence of which is the intensifying of socialist democracy. The measures aimed at activating the National Front and their organizations, and increasing the powers and responsibility of the national committees as bodies of people's power are oriented toward this. Spreading public information and implementing an open policy are of great importance for the development of the citizens' initiative. The demand for increasing the effectiveness of ideological activity, among other things also in connection with the hostile forces' attempts to misuse the process of restructuring and democratization to destabilize the socialist society, is also exceptionally topical.

New content, forms, and methods of work corresponding to today's needs also have to be pushed through into the activity of the party, which must be the guarantee and the driving force of restructuring, Milos Jakes went on to say. It is necessary, above all, to deepen democracy within the party, to develop criticism and self-criticism, and to increase the offensiveness and militancy of the party work. Precisely in the current revolutionary period, it is necessary to further strengthen the party's unity and capability for action, perfect the methods of its political operation, and deepen its ties with the people.

The CPCZ's leading role constitutes the fundamental principle of the Army's buildup, of its political firmness, ideological unity, and preparedness for combat and mobilization. Since the 17th CPCZ Congress, Communists, party organizations, political bodies, commanders, and staffs have done a lot of honest work to ensure the defense of our fatherland and for the benefit of the national economy. Milos Jakes said that particular attention must be paid to forming and cementing military and work collectives; one has to develop individual work with people and the care for them; commanders, political workers, and party organizations must wage a systematic struggle to deepen an aware interest on the part of members of units in the best possible results in the sector entrusted to them. It is necessary to create conditions and room for open dialogue with people, so that they can express their views, recommendations, and just demands, trusting that they will be dealt with. Only a commander and a chief who is an example of exactingness toward his own person when carrying out his duties, who is able to combine his powers with the experience of a collective, and rely on the work of the party, youth union, and trade union organization, can be a good commander.

In the closing part of his speech, Comrade Milos Jakes dealt with the current situation in the world, especially with struggle for peace and international security. He valued the positive influence of the new political thinking asserted in international relations by the Soviet Union and the other socialist countries, and stressed the importance of the current session of the Warsaw Pact's Political Consultative Committee. He also expressed support for the Soviet peace initiatives, which Mikhail Gorbachev further elaborated in his speech in the PPR Sejm. We have a vital interest in improving the international situation, he said, and we will continue to take an active part in it. At the same time, however, we cannot ignore the fact that reactionary forces of world imperialism continue their feverish arms buildup and their policy from the position of strength. Therefore, our party will continue to ensure the state's defense, strengthen the Army's combat and political preparedness, provide it with material and cadres, and ensure its collaboration and alliance with the other Warsaw Pact Armies.

The consultation was attended by Vladimir Blechta, head of a CPCZ Central Committee department, and

other guests. Lieutenant General Viktor Lomov, representative of the chief commander of the Joint Armed Forces of the Warsaw Pact Member States, was also present.

Fojtik Addresses North Moravian Party Seminar

AU1507204088 Prague RUDE PRAVO in Czech 12 Jul 88 p 2

[CTK report: "By Restructuring Ideological Work Toward the Development of Intellectual Forces; Jan Fojtik Spoke at Seminar of the North Moravian CPCZ Regional Committee"]

[Text] Karvina—A seminar of the ideological aktiv of the North Moravian CPCZ Regional Committee was held in Karvina on Monday [11 July]. The seminar was attended by Jan Fojtik, member of the Presidium and secretary of the CPCZ Central Committee, who acquainted its participants with topical issues of ideological work in connection with the preparations for the 10th CPCZ Central Committee session.

In his speech he stressed that full comprehension of the program of restructuring is one of the main prerequisites for its realization. Restructuring requires the mobilizing of society's creative forces, and critical assessment of its development and its given state, including the party's ideological work.

Restructuring in this sphere means contributing to the optimal development and use of intellectual potential, supporting creative thinking, openly exchanging views, and innovating. At the same time, it means leading people toward responsibility in comprehending social interests, bringing about unity for creative work, as well as asserting new political thinking in the interest of strengthening peace, and fostering socialist patriotism and internationalism.

Propaganda, too, faces more demanding tasks; it must be more matter-of-fact, more specific, bolder, and must not sidestep problems which arise in the course of restructuring.

When forming our stances, we can fully rely on the experience from restructuring in the USSR, on the documents of the 19th All-Union CPSU Conference.

We must make full use of this wealth of ideas. However, one should not be mechanically adopting the experience of the Soviet comrades from restructuring, but implementing and asserting it creatively, taking Czechoslovak conditions in consideration. The most important thing now is to respect the requirements of development and create modern forms for running society.

When Jan Fojtik spoke about the preparations for the 10th CPCZ Central Committee session, which will address ideological work, he noted the importance of explaining to the people the constructive purpose of restructuring, propagating everything positive brought by restructuring, and putting emphasis on the extensive development of socialist democracy. Restructuring must ensure the best possible valorization [zhodnoceni] of people's work, ensure the social orientation of production without neglecting the creation of resources. The increased demands on economic managers as regards the fulfillment of the tasks of the Eighth 5-Year Plan are the outcome of this.

Substantially improving the political system is another task of restructuring. It is necessary to continue to activate the work of the National Front, deepen the democratic nature of the activity of the national committees, consistently implement democratic centralism, combat bureauracy, strengthen socialist legality, and react sensitively to people's criticism and resolve what bothers them.

Jan Fojtik said in conclusion: The effectiveness of the restructuring of ideological work lies in its interconnection with the entire system of the party activity. All ideological instruments must be employed in direct political work with people, we must win over broad strata for active work for the party. The importance of everyday mass political work, agitation, dialogue with citizens, and the flow of information are increasing. The key to the realization of restructuring is the strengthening of the CPCZ's leading role and everyday work with and among people.

National Artists Express Opinions at Festival

AU2107084388 Prague RUDE PRAVO in Czech 18 Jul 88 p 3

["MIS"-signed report: "Frank Discussion"]

[Excerpts] Karlovy Vary (Our correspondent)— A roundtable discussion, the traditional meeting of moviemakers, theoreticians, critics, and people from the movie branch, sponsored by the Union of Czechoslovak Drama Artists, was held at the International Film Festival Saturday and Sunday [16-17 July] morning. Its theme this year was the "Movies' Mission in Molding Ethical Awareness."

On both days the discussion was marked, above all, by the frankness of expressed views, informality, an on some issues by polemics. [passage omitted]

Somewhat surprising was the improvisation of National Artist Otakar Vavra, when he spoke about the problems of contemporary society and, especially, the young generation, and said that, allegedly, the public has been fed "half-truths" for 40 years, as he put it. This, according to him, has caused a distortion, in which the young people are not inclined to perceive the past in its continuity.

A total of 25 persons from 13 countries including the FRG, India, Palestine, Vietnam, Lebanon, and other countries, participated in the 2 days of discussions.

Fischer Arrives in Athens on Official Visit

LD2107090388 East Berlin ADN International Service in German 0825 GMT 21 Jul 88

[Excerpt] Athens, 21 Jul (ADN)—GDR Foreign Minister Oskar Fischer arrived in Athens today on an official visit to Greece. He was warmly welcomed at Athens airport by his Greek counterpart, Karolos Popoulias. During his visit Oskar Fischer will conduct negotiations with the Greek foreign minister and meet leading politicians for talks on bilateral and international issues. [passage omitted]

Kessler Arrives in DPRK With Delegation

For KCNA and Pyongyang Domestic coverage of Defense Minister Heinz Kessler and accompanying military delegation visit to North Korea, see the North Korea section of the 20 July East Asia DAILY REPORT and subsequent issues.

Pact Consultative Committee Meeting Evaluated

AU2007104288 East Berlin NEUES DEUTSCHLAND in German 19 Jul 88 p 2

[Unattributed commentary: "For Disarmament and Peace, Confidence and Security; on the Meeting of the Warsaw Pact Consultative Committee"]

[Text] The meeting of the Warsaw Pact Consultative Committee is of far-reaching international importance. The meeting, which proceeded in an atmosphere of friendship and cooperation, has adopted documents that are attracting attention all over the world and that will give a vigorous impetus to the cause of disarmament and peace, of confidence and security.

This applies above all to the extraordinarily topical statement on the negotiations to reduce armed forces and weapons in Europe, to the document on the consequences of the arms race for the environment and other aspects of ecological security, and to the positions on basic issues of our time, summarized in the communique.

The participants in the meeting based their deliberations on the sober assessment of the situation. Thanks to the efforts by the socialist countries, the peoples, and of the broad world public, and owing to the realism on the part of various state and political circles in the West, certain favorable tendencies are discernible in international affairs. Confrontation is decreasing and contacts between East and West are strengthening. Preconditions are being created for curbing the arms race, for reducing military expenditure, and for settling regional conflicts. As is known, the GDR has made its contribution and will continue to do so, as Erich Honecker has recently pointed out.

On the other hand, one cannot speak of a fundamental change for the better. The international situation continues to be complicated and contradictory. Enormous stockpiles of weapons continue to exist. Nuclear tests are continued, and the production of new types of weapons starts. The danger that life on earth will be exterminated has not been banished.

In view of this, the Warsaw Pact states decided to continue to do everything possible to deepen positive developments and to make them irreversible. They appealed to all states to increase their efforts in order to implement disarmament steps and to strengthen peace and security.

What are the basic issues of the present? To prevent war. To halt the arms race. To resolutely tackle disarmament. We were, are, and will continue to be committed to the ideals of a world free from weapons of mass destruction and violence, which is based on the principles of mutual and equal security, good coexistence, and cooperation on the basis of equal rights.

Starting from this premise, the Warsaw Pact member states welcomed the entering into force of the Soviet-U.S. Treaty on the Elimination of Intermediate- and Shorter-Range Missiles. It constitutes the first real disarmament step. It must be followed by further agreements without any artificial pause. In this connection, certain activities on the other side must not be overlooked. They hamper and obstruct the disarmament process: The plans to "compensate" for the missiles to be eliminated by increasing and modernizing other types of weapons. This harbors the danger a new round of arms race.

For this reason, the significance of the constructive dialogue was emphasized, including meetings at the highest level and agreements that serve mutual understanding and peace. This applies to the Soviet-U.S. summit meetings, which were important for the positive development in the world that has been initiated. As is known, the Soviet Union conducted the talks on behalf of all allied socialist states. But this also applies to the contacts of every state that was represented at the meeting and to its cooperation with other countries in the interest of improving the international situation and strengthening peace in Europe and the whole world.

The participants in the Warsaw meeting renewed their appeal to NATO member states, to the participants in the CSCE meeting, and to the entire international community, to conclude accords on the reduction of weapons and armed forces as early as possible, and to strengthen security and stability. All states should refrain from activities that might obstruct progress along this path.

The following primary tasks are contained in the communique: a 50-percent reduction of Soviet and U.S. strategic offensive weapons; a ban on all nuclear tests; a ban on chemical weapons; the reduction of armed forces

and conventional armaments in Europe while at the same time reducing military expenditure; the use of financial means, released through disarmament, for social and economic development, particularly in the so-called third world.

In view of the fact that the drafting of a mandate for negotiations on the reduction of armed forces and conventional weapons in Europe is coming to an end and that prospects are opening up for the continuation of the Conference on Confidence and Security-Building Measures and Disarmament in Europe, the participants in the meeting pointed out the topicality of their proposal to NATO to exchange corresponding data at the start of negotiations or earlier, and to make arrangements for verification by on site inspections.

The allied socialist states expressed their determination to strive for the earliest possible conclusion of an agreement leading to the elimination of existing asymmetries and imbalances—both on a pan-European scale and in individual regions. It is sufficiently known in what way certain NATO circles are spreading statements about the alleged superiority of the Warsaw Pact's Armed Forces, which they must counter with the strategy of nuclear "deterrence." This would become irrelevant through the implementation of our proposals.

In addition to that, the participants in the Warsaw meeting spoke in favor of further developing the existing confidence-building measures and of simultaneously taking measures to limit military activities in Europe and to involve the independent activities of air forces and the navy. It is to be mentioned in this context that such measures in particular are substantial elements of the joint SED-SPD proposal for a "zone of confidence and security in central Europe." The GDR Government is ready to open talks on this with all states in the region concerned.

The statement of the Warsaw meeting on the reduction of armed forces and conventional weapons in Europe is of particular importance. The whole region from the Atlantic to the Urals should be involved. Negotiations are to be started immediately, before the end of 1988.

During the first phase, ceilings of the same level should be achieved through the elimination of the above-mentioned imbalances by both sides. During the second phase, the Armed Forces would be reduced by about 25 percent—corresponding to 500,000 men on each side. During the third phase, further reductions would be carried out; the Armed Forces of both sides would assume a strictly defensive nature.

Measures to reduce and eliminate the danger of a surprise attack would be indispensable elements of the whole process. For this purpose, from the beginning of the first phase, strips (zones) with a reduced level of arms would be created along the dividing line between the two alliances. All these steps would be accompanied by measures aimed at confidence building, the exchange of information, and verification.

The participants in the meeting renewed their proposal that representatives of the Warsaw Pact and NATO compare their military doctrines with the goal of imparting an exclusively defensive nature to the doctrines.

In the view of the allied socialist states, it would help to strengthen of stability and the reduction of the danger of war on the continent if separate negotiations on the reduction and ultimately the elimination of tactical nuclear weapons in Europe were opened in the very near future—including the nuclear components of the dual-capable systems. In this context, the participants stressed the significance of the proposals that were submitted jointly and by individual states in this respect. They concern central Europe, northern Europe, the Balkans, and the zone along the sensitive dividing line between the two alliances on the continent.

In this connection, one recalls the International Meeting for Nuclear Weapons-Free Zones, held in Berlin, where Erich Honecker stated: "Given the current conditions, a nuclear-free corridor, such a zone on the dividing line between the alliances may become a decisive impetus for more far-reaching steps, for nuclear disarmament, for its extension to tactical nuclear weapons that have so far not been included in the negotiations, and for reducing conventional armed forces and weapons."

The Warsaw meeting referred to the third UN special session on disarmament, even if no final document was adopted there. The majority of states endorsed measures against the arms race and for disarmament in all spheres, particularly the nuclear one. It is now important to make use of all relevant proposals and to strengthen the Unite Nations' role in this.

We allow ourselves to be guided by the idea of a common European home, where good-neighborliness and confidence should prevail. The Helsinki Final Act and the document of the Madrid meeting of the CSCE member states serve as the basis. Mutual understanding and constructive cooperation is also promoted by official relations between CEMA and the EC.

The meeting reaffirmed the following: The inviolability of borders, respect for the existing territorial and political realities, for the sovereignty and territorial integrity of the states, as well for the other generally recognized principles and standards of interstate relations are the preconditions for lasting peace and security in Europe. Attempts to question these realities and their invariability are contradictory to the interests of detente and security, to the system of treaties concluded in the seventies, and the Helsinki Final Act. It should not be ignored anywhere that such attempts will be resolutely rejected.

In Warsaw the allies affirmed their determination to participate in working out measures of trust and international cooperation in all fields—in the political, military, economic, humanitarian, and ecological fields.

With regard to ecological security, the above-mentioned document on the consequences of the arms race for the environment and other aspects of ecological security was adopted. Protection and improvement of the environment as well as the economical use of the natural resources are closely connected with international security, that is, with disarmament—particularly in the nuclear area.

Let us think for a moment of densely populated Europe. It is crammed full with weapons and sites where harmful and dangerous products are manufactured. A nuclear war would be a general disaster—and also a total disaster for the ecology. But even man's peaceful work makes the state of the environment deteriorate more and more. It is the first time that an alliance of states has dealt with these questions and proposes international negotiations and worldwide cooperation. What an eloquent proof of its humanist character that is aimed at peace and the well-being of all peoples!

This is also reflected in the conviction expressed in Warsaw that in the present situation the observance and implementation of human rights and international cooperation in the humanitarian field are of particular importance. What is important is man's right to live and work in peace and freedom, the full implementation of the political, civil, economic, social, cultural, and other rights in their entirety and interdependence while respecting the sovereignty of the states and not interfering in their internal affairs.

The participants in the meeting held an exchange of information and views on domestic developments and changes in their countries. They stressed the need to approach the theory and practice of further development in a creative way.

At present, every Marxist-Leninist party is faced with the task of finding solutions—in full responsibility to its people—that best take into account the specific national conditions and requirements. By strengthening socialism and making it attractive, each of our countries is increasing socialism's charisma, its influence on international developments, and its contribution to the cause of progress, peace, and security.

In this connection, the exchange of experiences between the socialist countries, their comradely cooperation, and mutual solidarity are gaining increasing importance. In Warsaw it was discussed how this cooperation has developed since the Berlin meeting of the Political Consultative Committee. The work of the foreign ministers' committee and the defense ministers' committee were assessed in a positive way. The dynamism of cooperation at all levels, which is based on equality, close cooperation, and joint responsibility, is being further strengthened.

After the conclusion of the meeting of the Political Consultative Committee there was a meeting of the delegation heads. Here information on the main directions of the work of the fraternal parties was exchanged and key problems for the further shaping of cooperation between the states of the socialist community were discussed.

In the future, too, the GDR will make its contribution to the common cause of peace and socialism. The guidelines for this are the decisions of the 11th SED Congress for the further shaping of the developed socialist society in the GDR, which are being consistently implemented. We unerringly pursue the tested course of the unity of economic and social policy, of the broad development of socialist democracy in line with the principle "Everything with the people, everything for the people, everything by the people."

Following the slogan "My work place—my battle station for peace," millions of working people energetically support our country's policy that is aimed at strengthening socialism and at safeguarding peace. Linked by firm trust, our party, the people, and the government of the GDR are working for the goals that were jointly set in Warsaw: disarmament and peace, trust and security.

Premier Grosz Interviewed on U.S. Visit

LD2007122188 Budapest MTI in English 1000 GMT 20 Jul 88

[Text] Chicago, July 20 (MTI)—Karoly Grosz is holding talks in Chicago. As reported earlier, the HSWP general secretary and chairman of the Council of Ministers arrived in the third largest city of the United States on board of a regular Swissair flight on Tuesday afternoon—just before midnight in Central European time.

Karoly Grosz and his party were greeted by representatives of the city of Chicago and the state of Illinois, who handed over a copy of the seal of Chicago, quoting a saying by President Lincoln. The prime minister thanked for the present cordially.

'I arrived in your city with great expectations. I have read and heard a lot about Chicago. I am looking forward to the forthcoming talks,' he said.

Karoly Grosz gave a brief interview to Hungarian journalists on his visit:

We set the aim to tell how we are living, what we are doing and dealing with in Hungary, to introduce our country a little. We also wish to become familiar with the political intentions and endeavours of the USA, and obtain a more comprehensive picture about the social, economic and international processes of the world. In the concrete sense of the word, we did not come here to conclude business deals, this is not the task of the prime minister, of the party's general secretary. We seek to create political conditions that may facilitate an upswing in economic cooperation.

I mention first of all the economy since the recent period has witnessed major developments in political cooperation so we cannot expect another powerful upswing. There is not any disputed political issue in the relationship between the two countries. Of course, there are fundamental differences stemming from the different philosophies and social structures of the two systems. The government delegation, however, does not have the task to hold debates on theoretical and social scientific issues, it should rather explore the fields of cooperation. There are no disputed issues which would hinder political cooperation between the two countries.

Nevertheless, we are facing meetings of very different kinds. I can conceive, for instance, that the representatives of the Hungarian emigration are seeing a lot of things from a different aspect and they will tell it us, too. The representatives of the administration, the diplomats and the businessmen will also tell their opinion and partly their experience gained in Hungary. This is a natural thing which will also make it possible for us to expound our opinion, argue and hold debates.

The programme is very rich, creating good many opportunities for us to become familiar with one another.

To tell the truth, I have some qualms of conscience for staying away so long since we have a lot to do at home. When we compiled this programme, we did not think that we would have two other international obligations. Nor did we expect that the party conference would elect me general secretary and temporarily I would have to fill two posts simultaneously. However, it would have been a political error to cancel the programme. On the one hand, there is no opportunity for the delegation of a small country to come to the United States every day. On the other hand, in view of the forthcoming presidential election, our visit would have taken place much later if we had missed this opportunity. Finally, despite the plenty of problems, we decided to come here and compound [as received] with our conscience by working with stepped up efforts and making up for the arrears accumulated in work.

Karoly Grosz and his entourage, accompanied by a motorcade, drove from Chicago's O'Hare Airport to the city centre, where they are staying at the Hotel Drake. In the evening, Robert Pritzker, president of the Marmon Group, a major U.S. engineering trust incorporating fifty firms, held a dinner in honour of Karoly Grosz and his party. The trust buys 2 million dollars worth of undercarriages from the Gyor-based Raba works annually, and also shows interest in cooperating with other Hungarian companies. The idea was also raised that the trust would create the possibility for a Hungarian expert to study the concrete opportunities and do market research on the spot was also raised.

Ilona Tatai, a member of the Hungarian delegation and general manager of the Taurus Rubber Company, said that experts from the Marmon Group were studying the operation of Taurus-produced air springs in the vehicles they manufacture. They are also interested in securing a supply of Hungarian industrial tyres and rubber products for farm machinery.

The Hyatt Hotel chain is also controlled by the Pritzker family. Both sides raised the idea that Hyatt, in cooperation with other Western firms, should construct a new hotel at Lake Balaton, and provide further assistance in training staff at the Budapest Atrium Hyatt Hotel. A possible agreement on post-graduate training between the Miskolc-based technical university for heavy industry and Illinois State Technical University was also discussed.

Karoly Grosz's programme ended late in the evening. On Wednesday he is to meet senior managers of McDonald's International, which opened a unit in Budapest, to be followed by a working breakfast.

On Wednesday Karoly Grosz is to visit the Chicago Commodity Exchange, a major centre of world corn trading, and attend the signing ceremony of an agreement on the foundation of a joint venture in the glass industry. The programme will include a short sightseeing visit and further meetings as well.

Holds News Conference

LD2107012988 Budapest MTI in English 1939 GMT 20 Jul 88

[Text] Chicago, July 20 (MTI)—After signing the foundation document of the Hungary joint venture Karoly Grosz met the Chicago press corps. In the introduction he referred to the fact that this agreement is the greatest in the history of the Hungarian-U.S. joint ventures. 'I do hope that this will not be true for long and others follow the path of the pioneers. The Hungarian Government promotes and supports all such cooperation serving mutual interests, he said. 'I highly value the U.S. businessmen's recognition that the world to which we also belong, ie. the socialist world, has tremendous market potential and vast resources. We Hungarians are among the smallest nations of the socialist world, but I'm convinced that anybody who learns to cooperate with us can cooperate with the socialist world as a whole. This is such a type of enterprise which points far beyond the millions of dollars in the contract. [no closing quotemark as received]

Responding to the questions of journalists he also mentioned the possibilities iand frontiers of further cooperation. He said: We are also for setting up joint ventures in the services industries, but first of all in the advanced industries. Such cooperation has advantages not only for the directly interested companies but for the whole of the Hungarian national economy as their effect radiates. Responding to another question he said that regarding unemployment the greatest problem was that the Hungarian economy lagged behind the major wave of development. This should be changed now. Unemployment is unusual in our world but we have to get used to it, he emphasized. He pointed out that the temporarily unemployed get appropriate benefits and help in training for other occupations.

The Romanian situation also was raised regarding the razing of villages and the Hungarian stand. 'We do not have the standpoint with respect only to the ethnic Hungarians. The razing of eight thousand villages primarily affects the Romanian population of the country and naturally the national minorities, Hungarians, Saxons, Swabians and others. Therefore, when we took a stand on this issue, we raised our voice primarily on the grounds of the conclusions of the Helsinki final document on human rights and humanitarian issues and the UN charter protecting human rights. We are concerned for the values of the universal human culture which are irreplaceable and the combined value of which surpass the occasional economic benefit. It is the sovereign right of each country to raise their voice for protection of human rights and the values of culture, as we did, said the Hungarian prime minister, emphasizing that the Hungarian Government wishes to find a solution to the debated issues.

Comments on Withdrawal of Soviet Troops

LD2107074488 Budapest Domestic Service in Hungarian 0600 GMT 21 Jul 88

[Text] Hungary hopes that all troops stationed abroad will be withdrawn before 1995. However, there is no question of the Soviet soldiers in Hungary being withdrawn unilaterally and unconditionally. This was said by Karoly Grosz in Chicago at a gala dinner hosted in his honor by leading businessmen.

The Hungarian party general secretary and premier recalled that the Soviet foreign minister has proposed that all troops stationed abroad should be withdrawn by 1995. We Hungarians hope that this will be fulfilled before the time limit, said Karoly Grosz. He added that inasmuch as conventional armed forces are reduced worldwide, then as a first step the program would be implemented in the so-called buffer [uetkoezoe] zones, for example in Hungary.

Speaking about our internal policy, the party general secretary said that after 40 years of conditioning, it is not easy to realize a program corresponding to today's demands. We must finish with the ideology which has been overtaken by life. However, we must preserve what is still of value today.

Karoly Grosz expressed his hope that the rapprochement of the two superpowers would provide an opportunity for the small countries to develop their own aspect.

The party general secretary and premier traveled to the state of California from Chicago. He will hold talks in San Francisco and Los Angeles.

U.S. State Department's Schifter Visits

LD1907000488 Budapest MTI in English 1907 GMT 18 Jul 88

[Text] Budapest, July 18 (MTI)—Richard Schifter, the assistant-secretary of state of the US in charge of human rights and humanitarian issues visited Hungary July 15-18.

He had negotiations with Deputy Minister of Foreign Affairs Laszlo Kovacs and was seen by Peter Varkonyi, minister of foreign affairs. Richard Schifter met Istvan Huszar, general secretary of the National Council of the Patriotic People's Front, Geza Kotai, head of HSWP CC Foreign Affairs Department (both CC members) and Jeno Andics, head of the CC Agitation and Propaganda Department and Attila Gecse, deputy department head of the CC.

Pozsgay Compares Soviet, Hungarian Reforms

PM1307154088 Milan L'UNITA in Italian 10 Jul 88 p 2

[Interview with MSZMP Politburo member Imre Pozsgay, by Arturo Barioli, in Budapest; date not given]

[Text] Budapest—[Barioli] Did the CPSU Conference meet the expectations and hopes that it created in Hungary too?

[Pozsgay] The options of restructuring and glasnost emerged strengthened from the conference after a tough battle. This is the most important thing. Of course elements of compromise also emerged, such as the failure to introduce changes in the leadership bodies. However, you must bear in mind the major changes carried out in 1985 and at the 27th congress. For us it is very important that there was a resolute pledge to political reform because we believe that society's development is impossible without socialist pluralism and a legal state. From the conference rostrum ideas were heard expressed that advocated a human and democratic socialism—ideas that would until recently have been considered heretical. Of course what has happened in Moscow cannot constitute a model for us but it is a political pointer—a favorable wind, let us say, blowing in the direction of the development of Hungarian reform. I am also sure that from now on the huge pressing problems in Soviet society will become increasingly apparent. There must be no false hopes of immediate spectacular results. The consequences of Stalinism and of the ensuing stagnation cannot be surmounted in a year or two.

[Barioli] Some people argue that Hungary is one step ahead of the Soviet Union in economic reforms and one step behind it in political reforms. Do you share this assessment? Are you working to remedy this lag?

[Pozsgay] There is a basis of truth in this assertion. Our economic reform is certainly further advanced than the Soviet Union's. We are no longer at the stage of declarations of principle and have already organized institutions to ensure the functioning of a socialist market economy. The main problem in the Soviet Union now is how to transcend centralized planning, and this can only happen by recourse to the market in their country, too. As we have said, having recognized the importance of the market, they will have to try to avoid idealizing it and tackle the social and political consequences that it causes. Hence the need for a well thought-out social policy. Economic imperatives reward the strongest and social policy must support the weakest. I believe that the Soviets have very courageously developed glasnost more than we have. With regard to political institutions, however, I am not sure whether they are ahead of us. This is no small advantage because it enables us to concentrate all our energies on dismantling the bureaucratic system. In the USSR restructuring cannot be envisaged without glasnost—the new policy's only tool for surmounting the bureaucratic resistance. In our country, pluralism already has its institutions—the representation of various interests, public consensus, the electoral system, the functioning of parliament. This does not alter the fact that we have been too cautious with regard to glasnost, especially in our assessment of the past 3 decades. Sooner or later an acknowledgment of the facts is inevitable.

[Barioli] What do you mean when you say you want to achieve "more democracy"?

[Pozsgay] I believe we must first reconsider the position of the citizen, who is after all the legitimate repository of power. How great a risk does the citizen still face when he takes the institutions seriously and expresses himself freely? Where do the confines of our institutions of social criticism lie? How and when is the citizen's autonomy restricted in a hierarchically structured system? It is not enough to examine new electoral systems. It is necessary to guarantee—through relations of interest, of ownership, and of the legal system—the citizen's opportunities for self-determination and to assert the community's needs but also to grant much more scope to private enterprise and reduce state dirigisme. To this end we need a new constitution and in the interim new laws guaranteeing the rights of association, assembly, demonstration, protest, and referendum. On these issues a group of deputies has taken the initiative to formulate a "package of plans for democracy" that the government has pledged to discuss at the September parliamentary session, at which I will probably present it myself.

[Barioli] Will more democracy also mean that non-party members will have greater access to leadership posts, as the recent election of an independent as president of the Republic seems to indicate?

[Pozsgay] Yes, definitely, much more so than hitherto. It must emerge clearly from the new constitution that non-party members are not second-class citizens. I believe, as I told the 13th MSZMP Congress, that as long as we try to make pluralism work within the context of a single-party system, non-party members must be able to monitor the party. I find it very interesting that Gorbachev, too, has now raised this very issue.

[Barioli] A few days ago you became a minister of state. What are your responsibilities?

[Pozsgay] In the history of the socialist state administration, the Council of Ministers has always had a purely executive role, with no political autonomy. In practice it has always been the executor of the party Politburo's decisions. Now we want to set things straight and establish the traditional subdivision between the legislative, executive, and judicial authorities. The government will therefore have to build its own social relations. One of the most important tasks entrusted to me is precisely that of creating these relations with the social organizations, popular front, trade unions, national minorities,

churches, people's initiative bodies, and alternative movements. I will also be responsible for relations with parliament, the public, the media, and the scientific world.

[Barioli] Do you believe that this job satisfies your ambitions to contribute to the development of democracy and the building of a modern socialist society in Hungary?

[Pozsgay] I believe it does, though I was very sorry to leave the Patriotic Front. However, I will also have the opportunity to satisfy what you call my ambition in my capacity as a Politburo member by heading a commission responsible for analyzing the past 3 decades of our political life, which will be able to work with a very open-minded approach and without predetermined conclusions, thus contributing to the drafting of the party program and the program for the next congress.

[Barioli] Do you believe that the recent serious deterioration in Hungarian-Romanian relations is caused not only by the acute problem of the Hungarian minority in Transylvania but also by a growing divergence in your conception of socialism?

[Pozsgay] This is a factor to be borne in mind. We maintain that there is no socialism without democracy or without freedom. It is a concept that is not accepted where socialism is still regarded as a totalitarian system. Only a system based on terror can take measures such as those taken in Romania. We so much want the public to properly understand that it is no longer merely a matter of Hungarian-Romanian problems but that the policy of bulldozing villages known as "development of rural areas" is a crime against mankind and as perverse as the destruction of Carthage or Warsaw or the tragic plight inflicted on the Palestinians. All this is intolerable in the late 20th century, following Nazism and Stalinism. It is the Romanian citizens' human rights, no less, which are being trampled. Therefore it is irrational for Bucharest to accuse us of pursuing a policy directed against the Romanian people, with whom in fact we want to live in peace and friendship. However, I hope the world knows how reliable the Bucharest leaders' statements are.

Soviet Envoy Briefs Press on CPSU Conference

LD1507194688 Budapest MTI in English 1531 GMT 15 Jul 88

[Text] Budapest, July 15 (MTI)—On Friday Boris Stukalin, ambassador of the Soviet Union to Hungary, held a press conference in the Budapest House of Soviet Culture and Science. The ambassador discussed first of all the achievements of the 19th CPSU National Conference which he had attended as a delegate.

The conference focussed its attention on defining the role of the party and renewing its work style and methods radically. Some changes are to be introduced this year while the proposals for amending the CPSU rules are to be discusse in the 28th CPSU Congress.

The investment with full powers of the local soviets is a crucial point in the reform of the society's political system. The Soviets will have a greater responsibility for, and autonomy in, the development of the regions falling within their competence.

The decision that the first secretary of the party committee would be nominated to the post of the chairman of the local soviet aroused keen interest. On this decision Boris Stukalin said:

This double function is aimed at reinforcing the work of the soviets by the prestige of the party and making it possible for the organs of people's representation to have a say in the work of the party committees. The head of the party committee has to be elected to the chairman's post in a secret ballot.

The conference paid particular attention to the relationship between the nationalities. The contributors, calling attention to the still existing shortcomings, advocated the consistent assertion of the principle of social justice in the relationship between the nationalities.

The ambassador reconfirmed that a kind of people's front organization was founded in Estonia, which is similar in its activity to the Hungarian Patriotic People's Front. Boris Stukalin recalled that over the recent period thousands of similar informal social and mass organizations have been founded with the aim of supporting perestroika, and their activity was also discussed in the party conference. The delegates agreed with the proposal of General Secretary Gorbachev to create a uniform framework for these initiatives.

Deputy Minister Queried on Foreign Policy

AU1207111688 Sofia RABOTNICHESKO DELO in Bulgarian 8 Jul 88 p 4

[Interview with Istvan Oszi, deputy minister of foreign affairs of the Hungarian People's Republic, by RABOTNICHESKO DELO Budapest correspondent Milan Angelov: "Promotion of New World Trends"—date and place not given]

[Text] [Angelov] Comrade Oszi, would you outline the strategic goal of Hungarian foreign policy?

[Oszi] Our policy has remained unchanged for decades: to ensure favorable preconditions for the creative socialist work of our people, a guarantee for which is the preservation of peace. Hungary is filled with determination to promote the establishment of positive trends in world politics, further expansion of the forces of peace, and security and cooperation in the world. Hungary's

foreign policy is a servant of national cohesion, public understanding, and economic and social restructuring. The changes in the socialist countries and the powerful advance of the new political thinking are a good basis and an important stimulus for our foreign policy.

[Angelov] What are the main supports of this foreign policy strategy?

[Oszi] To put it briefly, they are the new Soviet foreign policy, the improvement in Soviet-U.S. relations, and the understanding of a common responsibility for the fate of the whole of mankind. This has increased the opportunities for our country to take part in implementing the principles of peaceful coexistence in the East-West dialogue. In shaping Hungarian foreign policy we rely on our relations with the Soviet Union, the Warsaw Pact, and CEMA member states and stand for their further development and renewal. We try to play an active role in developing qualitatively new cooperation between the socialist countries, in bringing the organization of this cooperation up to date, and in agreeing on further common foreign policy initiatives. We believe it is particularly important for our countries to restructure our joint organizations in accordance with the demands of the times, join in the common European processes, and thus exert a positive influence on these processes.

Not only the expanding dialogue, but also the specific steps in the disarmament field are of determining significance in the international situation. The conclusion of the INF Treaty and the other agreements in the course of preparation are, on the one hand, an important component and, on the other, a constructive factor that helps to construct the common European home.

[Angelov] In your view, is the idea of a common European home feasible? What do you expect in this respect from the forthcoming meeting in Warsaw?

[Oszi] According to the assessment of the Hungarian Foreign Ministry, the steps toward disarmament, strengthening trust, and eliminating confrontation between the two sides are of particular importance. Real possibilities exist in this respect. The Hungarian People's Republic is making its own contribution toward implementing all the clauses embodied in the common European documents signed so far. The successful completion of the Vienna meeting is in our interest. At the same time, favorable conditions are being created not only for reducing conventional weapons and armed forces in Europe, but also for the success of the negotiations on banning the testing of nuclear and chemical weapons. Our country, together with the other Warsaw Pact member states, is an initiator for reducing conventional weapons and armed forces in Europe. Hungary is deeply interested in having its own territory included in the priority disarmament zone. We also support the creation of nuclear- and chemical-weapon-free zones, including in the Balkans.

We are convinced that the forthcoming conference of the Political Consultative Committee of the Foreign Ministers of the Warsaw Pact member states will make an important contribution to strengthening European peace and security, and that the coordinated actions and constructive initiatives of our countries will show further advance in solving the fateful problems of the peoples of the continent and the entire world.

Daily Comments on Recent Warsaw Pact Meeting

AU2107102188 Budapest MAGYAR HIRLAP in Hungarian 20 Jul 88 p 1

[Editorial by Hanna Szalay: "We Are Still Waiting for Radical Change"]

[Text] Since last year's session of the Political Executive Committee of the Warsaw Pact held in Berlin, there have been two Soviet-U.S. summits; a Soviet-U.S. agreement on the total elimination of intermediate and shorter range missiles has been signed and ratified, and its implementation has begun; genuine talks have begun on reaching a 50 percent reduction in strategic arms; an agreement in principle has been reached on the need to start work on radically reducing the armed forces and conventional weapons in Europe; contact has been established between CEMA and the EEC; an agreement on Afghanistan has been signed.

We continued to live normally during these developments and thus, perhaps we did not properly perceive the extent to which the world has changed in the past year. Of course, these changes are still not enough. Also, our increasing economic problems and the shaping of a reform movement aimed at solving these problems, a movement accompanied by a political renewal, have somewhat diverted our attention from world events. One should see, however, that the international situation today has luckily been favorable for our domestic development efforts.

The socialist summit held in Warsaw last week not only registered changes that we can justifiably call qualitative, but it also took new steps and initiatives in the spirit of these changes. Among these steps and initiatives, we should mention that the participants took a stand in favor of international humanitarian cooperation. They also dealt, in a separate document, with the need to develop international ecological security, and declared that they were ready to actively contribute to solving the urgent issues of environmental protection and participate in bilateral and multilateral efforts aimed at conserving nature. The participants not only called on the delegates of the CSCE follow-up conference in Vienna to apply political will and constructive methods in discovering solutions for existing problems, but they also made relevant promises. Collectively, the participants in the Warsaw Pact meeting accepted all the proposals that could contribute to the reduction of arms and forces to a minimum in the contact zones between NATO and the Warsaw Pact.

Closely related to all this, and dealing with Europe, our wider homeland, the Political Executive Committee of the Warsaw Pact intends to give new impetus to the activity of the delegations negotiating the mandate of the future talks on the reduction of conventional arms, to the activity of the so-called "Vienna 23." If our Western partners have really discovered the relevant points in the Warsaw Pact statement on this issue, points offered by the positions and declarations formulated recently, then, there is a good chance for such talks to commence as early as this year. Next year, the participants in these talks could report not only about qualitative changes but also about a still pending radical change.

Daily, Marjai Assess Progress in CEMA

MAGYAR HIRLAP Commentary

AU1507165788 Budapest MAGYAR HIRLAP in Hungarian 8 Jul 88 p 1

[Unattributed article: "The Danger of Stopping"]

[Text] One of the participants in a conference yesterday said that it would be useless to speak Arabic if nobody understood it, acknowledging that it is inconceivable to renew CEMA relations and implement realistic relations between the market of goods and money in the trade of the socialist countries without having common interests. If the Hungarian initiative—to make the transferrable ruble convertible as soon as possible, that is, to create the opportunity for multilateral exchange in addition to the bilateral turnover of goods—is not adopted, the development of CEMA will come to a standstill.

The 44th CEMA session concluded its work in Prague on 7 July. This session did not bring a novel change like the 43d extraordinary session in 1987, yet it is still different from the other sessions because of the recently concluded agreement on CEMA-EEC cooperation. This agreement between the two systems of economic integration comprises the first step toward the development of a uniform world market and a uniform world economy. Speaking about this subject in Prague, Jozsef Marjai said the following, among other things: "Without joining the worldwide division of labor and actively participating in it, the economic development of the CEMA community is inconceivable. The new qualitative stage in the EEC, which will begin in 1992, and in the course of which we will have to jointly find new forms of cooperation, is particularly important for us. However, we consistently adhere to our principled position and require an undiscriminating approach in our negotiations with the EC."

Marjai stated that on the whole, the draft concept of the socialist division of labor suits the new requirements because it does not attempt to determine the division of labor by administrative means designed according to patterns; at the same time, he also added that the conditions necessary to implement integration measures mature in certain countries at different times.

Reading the reports on the conference, it seems that we did not manage to make substantial progress in the issues which are important for us both in practice and principle: ensuring the increasing role of the relations between goods and money and of economic and market means. Some of our partners tended to much more stress the importance of a balanced and planned exchange of goods. This does not contradict the strengthening of market qualities; in fact, increasing discipline in exports and the strictness of occasional sanctions is a precondition of all this. But this is still insufficient for the development of market relations.

A review of the results concerning the comprehensive program of scientific and technological development until the year 2000 was an important item on the agenda of the session. The session concluded that although definite achievements have been made, they lag behind the opportunities inherent in cooperation, because wasting the resources available in the socialist countries delays or renders impossible the creation of up-to-date techniques and technologies. If we can make no joint progress in this, we fear that the gap between our countries and the front line will increase.

Marjai Interview

AU1407161488 Budapest NEPSZABADSAG in Hungarian 8 Jul 88 p 4

[Unattributed report on interview with Deputy Premier Jozsef Marjai, head of the Hungarian delegation to the 44th CEMA session in Prague: "Reforming the Currency and Financial Systems Is a Key Issue—Interview With Jozsef Marjai"—date and place not given]

[Text] In his interview with correspondents of MTI, Hungarian Television, and Hungarian Radio, Deputy Premier Jozsef Marjai, head of the Hungarian delegation, evaluated the achievements of the 44th CEMA session in Prague. He expressed his satisfaction with the work of the conference. He said that the session had been a very significant event in which Hungary's concrete proposals met with great interest, and most of them were included in the resolutions. The Hungarian proposal urging the assertion of the relations between goods and money, direct cooperation between enterprises, and the application of economic methods, incentives, and regulators was also adopted. As Marjai said, an increasing number of people agree that the pricing system and the currency and financial systems are the key issues.

Marjai stressed that in the recently adopted document, progress has been made in three respects, the system of economic cooperation, the long-term concept on the division of labor, and the comprehensive program.

Marjai commented favorably on the fact that the agreement concerning the evaluation of the situation was much wider than even a few months ago. There is a deeper recognition that it is not enough to simply perfect things or patch them up, and that certain components of

the cooperation should be thoroughly changed. He said that the overwhelming majority of the member countries today not only act as if they believe in the need to establish a socialist common market, but are actually convinced of this. He also referred to the fact that there were various opinions concerning the methods of establishing this socialist common market. He thought this natural, because CEMA is a complex institute, there are quite big differences between the economic systems, not only in the state of their development and their international situation. He recalled that quite a few good concepts discussed at the conference agree with what is currently being implemented in the Hungarian economy and with what was formulated at the national MSZMP conference; this gives Hungary a great deal of confidence.

Marjai was asked the following: "What will guarantee that the approved changes will really occur?" Marjai said that such a guarantee is inherent in the need to act, in the recognition that change is unavoidable. In this connection, he remarked: "I am convinced that the recent session has carried CEMA beyond that critical point up to which it was still possible to get off this road; now it is impossible to stop or turn back." He said that a possibility already brought up by the Hungarian side several times is taking shape, that countries capable of and willing to make faster progress in reorganizing the system of cooperation should be able to do so even without the other member countries. At the same time, this should not be detrimental to cooperation with countries which are as yet unable to proceed at this pace, not only for subjective, but mainly for objective, reasons.

MSZMP's Matyas Szuros Holds Talks in Spain

Meets With Prime Minister

LD0707222488 Budapest MTI in English 1951 GMT 7 Jul 88

[Text] Madrid, July 7 (MTI)—The relations of Hungary and Spain develop successfully. This was concluded at the meeting in Madrid when Felipe Gonzales, general secretary of the Spanish Socialist Workers' Party (PSOE) and prime minister had with Matyas Szuros, HSWP CC secretary and head of the Foreign Affairs Department of parliament. The Hungarian politician arrived in Madrid on Sunday at the invitation of the Executive Committee of the PSOE.

At the cordial meeting the situation of the two countries and some international issues were discussed. Both parties agreed that it is desirable for the Hungarian-Spanish economic cooperation to attain the level of the political and cultural cooperation.

Felipe Gonzalez expressed the hope of meeting Karoly Grosz, HSWP general secretary and prime minister eiher in Budapest or Madrid in the near future.

Visit Reviewed

LD0907114788 Budapest MTI in English 1755 GMT 9 Jul 88

[Text] Madrid, July 8 (MTI)—At the invitation of the Executive Committee of the Spanish Socialist Workers' Party (PSOE) and the Senate of Spain, Matyas Szuros, secretary of the HSWP Central Committee and chairman of the Foreign Affairs Commission of the parliament visited Spain on July 3-8. He was accompanied by Attila Gecse, deputy head of the HSWP CC Foreign Affairs Department.

In Madrid Matyas Szuros was seen by Premier Felipe Gonzales, the general secretary of the PSOE. The Hungarian politician had negotiations with Jose Federico de Carvajal, president of the Senate, and Felix Pons, president of the house of representatives. Meetings were held with the presidents of the two chambers foreign affairs commissions. The Hungarian guest was seen by Juan Barranco, the mayor of Madrid. Matyas Szuros had a meeting with Fernando Perpina-Robert Peyra [name as received], the general secretary of the ministry of foreign affairs.

During the visit at the meetings between the HSWP and the PSOE the Spanish delegation was headed by Jose Maria Benegas, member of Federal Executive Committee and secretary of organization. Matyas Szuros had separate negotiations on international issues with Elena Flores member of the Federal Executive Committee and foreign affairs secretary of the PSOE.

The secretary of the HSWP CC met Julio Anguita, general secretary of the Spanish Communist Party, in Madrid.

At the negotiations he discussed the situation of the two countries, the activity of the two parties and their major tasks. The development and further possibilities of Hungarian-Spanish relations were analysed in detail.

Comments on Relations

AU1507161988 Budapest NEPSZABADSAG in Hungarian 12 Jul 88 p 2

[Report on interview with Matyas Szuros, secretary of the MSZMP Central Committee, by MTI correspondent Jozsef Meruk: "The Modernization of the Spanish Economy Is Instructive—Interview With Matyas Szuros on His Experiences in Spain"—in Madrid, date not given]

[Text] There are many opportunities to compare Hungary and Spain. Economic development in both countries is average, and although neither Hungary nor Spain play a decisive role in their own community, their intellectuality, dynamics, and desire to find their respective roads demonstrate the force which makes these two countries important to their wider communities.

MSZMP Central Committee Secretary Matyas Szuros also spoke about this when he answered the questions of Jozsef Meruk, MTI correspondent in Madrid.

Responding to a question on the attention paid to Hungary, Szuros stressed the following: "In Madrid we noticed many signs of the worldwide interest in Hungary. The fact that Hungarian interest in Spain has increased is no accident, either. This is partly because there are many similarities between the views of the MSZMP and the Spanish Socialist Worker's Party [PSOE]. Economic policy is a good example; we can learn from the Spanish people about modernizing our economy. I must admit that when I listened to Frigyes Berecz's speech in the parliament on this subject, this entire subject was not so clear to me. I have had the opportunity to become convinced that structural change makes similar demands on both the Spanish and Hungarian economies. One of the basic tasks of the PSOE is to eliminate certain industrial branches and factories, regroup and retrain labor, and create new jobs. At the conclusion of this visit I understand better what Imre Pozsgay meant when he said that we should learn from the experiences of the social democratic movement."

[Meruk] How can leaders who represent contradictory ideologies of two countries belonging to opposing political blocks reach agreements?

[Szuros] We start from the premise that we should respect each other's views. Prime Minister Felipe Gonzalez spoke about convergence and rapprochement. It is well known that once we used to deny the right of this theory to exist. However, at present we can find many examples for worldwide rapprochement; our dependence on each other is one of the reasons for this. In addition, the efforts to contain ideological debates within civilized frameworks is in itself a sign of some rapprochement. We do not necessarily have to convince each other, but it would be worth our while to analyze a few issues in light of the presented reasons. We should find points where cooperation and understanding are possible.

Speaking of Hungarian-Spanish relations, Szuros pointed out that in our bilateral relations, political contacts are continuous in interparliamentary and intergovernmental relations and the relations between the parties. Bilateral tourism is developing satisfactorily and, through tourism, tens of thousands are joining the dialogue between our nations. Cultural relations are traditionally good. Prime Minister Gonzalez has recently drawn the attention of the heads of the EEC to the fact that it would be necessary to thoroughly analyze, in a political sense, Hungary's desire to conclude an agreement with the EEC.

However, in practice, the rather meager Hungarian-Spanish economic relations demonstrate very little cooperation. The similarities between the economic structures of the two countries could also obstruct the development of this cooperation. We concluded that this form of cooperation is really minor in comparison with what we accomplished in the political or cultural sphere. Therefore, we should endeavor to raise economic cooperation—the value of which only amounted to $68 million in 1987—to the level of efficiency in our political contacts.

[Meruk] What are your impressions concerning the functioning of the PSOE?

[Szuros] The way the PSOE thinks is not alien to us. We have always started from the premise that it is possible to efficiently build socialist society for all the people and with all the people. There is no true socialism without true democracy. I do not claim that democracy in Spain is stronger than in Hungary. However, it is certain that this party, the PSOE, which has 230,000-250,000 members, functions in a country of 40 million people, and this in itself is a lesson for us. We also think that we should not excessively inflate our party. We should strengthen mass support for it.

Grosz Receives WFTU Leaders

LD0707203788 Budapest MTI in English 1501 GMT 7 Jul 88

[Text] Budapest, July 7 (MTI)—Karoly Grosz, general secretary of the Hungarian Socialist Workers' Party and chairman of the Council of Ministers, met Ibrahim Zakaria, general secretary of the World Federation of Trade Unions, in the parliament on Thursday.

Present at the Cordial, friendly talks were Sandor Gaspar, president of the World Federation of Trade Unions and Sandor Nagy, general secretary of the National Council of Hungarian Trade Unions.

Grosz Congratulates LCY's Suvar on Election

AU1207120388 Budapest NEPSZABADSAG in Hungarian 8 Jul 88 p 8

[Text] MSZMP General Secretary and Premier Karoly Grosz has sent a congratulatory telegram to Stipe Suvar, the new president of the Presidium of the LCY Central Committee.

Varkonyi Greets Bulgarian Counterpart Mladenov

LD1507194488 Budapest MTI in English 1637 GMT 15 Jul 88

[Text] Budapest, July 15 (MTI)—On the 40th anniversary of signing the friendship, cooperation and mutual assistance agreement between the Hungarian People's Republic and the People's Republic of Bulgaria Peter Varkonyi, minister of foreign affairs sent a greeting telegram to Petar Mladenov, minister of foreign affairs of the People's Republic of Bulgaria. On this occasion the Bulgarian foreign minister also greeted his Hungarian colleague.

Investments Analyzed: Volume 'Unchanged'

AU0807122488 Budapest NEPSZABADSAG in Hungarian 5 Jul 88 p 1

[Report "from our correspondent": "Less Money Is Available for Investments"]

[Text] Owing to an increase in the price of investment goods, the value of investments has increased, but their volume has essentially remained unchanged in recent years. In 1987, the people's economy allocated about 300 billion forints for investments; within this, substantially less money than before was spent in the private sector. Since 1986, the number of apartments built every year has been smaller than in each preceding year.

Within the people's economy, the investment of the basic producing branches has decreased a little, whereas investments in the infrastructure have increased. The investment structure has changed favorably: construction has decreased and the proportion of investments in machine technology has increased. This is particularly evident in the building industry where, within the last 3 years, investments in construction have decreased by about 30 percent, and technical and technological investments have increased by 15 percent.

Within communal investments, the building of apartments has decreased whereas the proportion of social welfare and cultural investments has increased. Some 69,400 apartments were built in Hungary in 1986; however, their number dropped to only 57,200 in 1987. Nevertheless, the number of classrooms in secondary schools increased by 195 in 1986, and by 431 in 1987; the capacity of old people's homes increased by 539 in 1986, and by 443 in 1987; and the number of hospital beds available within the health services increased by 700 both in 1986 and 1987. Three quarters of the hospital assets have been renewed and expanded in the eighties.

In comparison with 22 central large-scale investment projects in recent years, work on only 7 projects was under way in 1987. Of these, only the construction of the north-east line of the Budapest underground and the further construction of the Bos-Nagymaros dam system barrage remained in 1988.

Deputy Minister on State Budget Reform

LD0707140888 Budapest MTI in English 1022 GMT 7 Jun 88

[Text] Budapest, July 7, (MTI-ECONEWS)—A concept on the reform of the state budget is to be submitted to the autumn session of parliament by the government, while a bill on the new budget act is expected to be drafted by December next year.

Hungary needs a radical budget reform. If only minor modifications were to be done from time to time, the budget system might collapse within a few years, said Deputy Minister of Finance Mr Laszlo Bekesi at a conference in Budapest.

He pointed out that there was an urgent need to remove the budget's role of over-concentration of incomes because it tends to conserve the wrong economic structure. He said efforts should be made to slash the role of the budget in restructuring, while instead monetary tools should be given a larger scope.

The deputy finance minister also pointed out that the restoration of the balance of the state budget was not sufficient, though it was the minimum condition to achieve any improvement in the external balance.

When the time comes to slow down and even halt the growth of external debts, and to reduce the burdens of debt service, then the internal balance will have an important part to play, Mr Bekesi pointed out.

Mr Bekesi acknowledged the fact that the state budget was unable to meet all the obligations of the state despite its role of over-concentrating incomes as the budgetary conditions for such investments as health, culture and education were rapidly deteriorating.

Correction to Nemeth Speech to MSZMP CC Session

The following correction pertains to the item headlined "Nemeth Speech Reported" published in the 19 July Eastern Europe DAILY REPORT, page 34:

page 35, column two, second full paragraph ends: ...standard of living.

Describing the increasing differences between the income... (providing dropped line, beginning new paragraph)

same column, third full paragraph, first sentence; same column, last paragraph, first sentence; page 36, column one, first full paragraph, first sentence: substitute Miklos Nemeth for Karoly Nemeth.

Rakowski Hails Gorbachev, Perestroyka
AU2007163588 Warsaw POLITYKA in Polish 16 Jul 88 pp 1, 12, 13

[Article by Mieczyslaw F. Rakowski, Politburo member and Central Committee secretary: "A Politician of a New Era"—POLITYKA footnote: The article is an excerpt from the book on perestroyka, entitled "The Revolution of Great Hopes," which will be published by the Czytelnik publishing company]

[Excerpts] [Passage omitted] For many years our movement has carefully created an image of the leader who had to be a figure made of granite and who was wholly devoted to the cause. Stalin was the first such figure. As a result, people did not know anything about the figure's wife, children, friends, or personal hobbies.

Only the closest aides knew about the leader's secrets. Nowadays such a modest image of the leader will no longer win applause. The new generation will accept granite figure only as monuments made of stone. The new generation wants to see the leader in all his various aspects, in his struggles with complicated problems, and in his efforts to overcome his weaknesses.

One of the reasons why the present party leaders in the socialist countries are reluctant to have their policies identified with them is the still lively heritage of the personality cult. The memory of the Stalin cult, of many little Stalins, of monuments erected to leaders, of the practice of naming cities after them, of the homages paid to them, and so on is politically still very much alive. A leading person's present thinking is: If I talk about myself, people may assume that I want to elevate myself and to promote a cult of my person. We have to respect such fears, regardless of public needs and actual practices. After all, every leader knows that the other Politburo members accept the superior position of the general or first secretary of the party, which is natural and necessary.

The communist movement's experience concerning the role of the leader makes it necessary —while fully recognizing the leader's superior position—to create conditions under which he is unable, despite his enormous power, to impose his views on his aides and on the party, without considering other views. The only way to ward off this danger is to establish democratic relations throughout the party. This is the only way, although much depends on the leader's personal qualities and ability to create the atmosphere in which his closest aides are not only not inhibited in airing their views, but are ready to criticize his conduct. Experience shows that it is not easy to create such an atmosphere.

In his interview for L'UNITA, Gorbachev said: "I do not like it that some people associate socialist renewal with the name of Gorbachev. On the contrary, the new renewal policy is a result of the Soviet people's wish for changes. This means that if there were no Gorbachev, someone else would emerge in his place. Our people are ripe for changes, and changes have become necessary.... Let me say once again that it was no matter of some sudden revelation that our people have understood the objective need for changes. That was why the line of renewal and of accelerating the development of our society was formulated."

We cannot help but agree with this view of the role of the individual in history. It is true that if there were no Gorbachev, there would be someone else, but Gorbachev possesses a special personality as man and leader. Could other people be like him? We will never know. No matter what M. Gorbachev says about himself as one of many party members who see the need for renewal, perestroyka and glasnost continue to be associated with him throughout the world. All his successes and discomfitures will be associated with him.

What is the personality of this man? In his L'UNITA interview, M. Gorbachev said: "I have always regarded it as a 'weakness' to have so many interests. I cannot remember my interests at school. I chose to study law, although I thought of physics. I liked mathematics, history, and physics. I still can recite by heart the poetry I learned at school. It is true that those who specialize in a single subject can achieve much in life, but I like people with multiple interests. My chief interest as an adult was economic matters, about which I know a thing or two, but I often repeat Lenin's observation that you need 70 Marxes to comprehend the world economy." Lenin said this very many years ago, and the dictum is still valid. Although M. Gorbachev is modest in his utterances, he has told us quite a lot about himself. The rest should be told by his closest aides and by those who closely watch his activities and conduct.

There is no doubt that Gorbachev is a born politician who knows how to create an atmosphere of informality, which enables him to establish genuinely free contacts with the people he meets. He who watched his spontaneous encounters with pedestrians in the Soviet cities and with workers in plants could easily see that there were no barriers between Gorbachev and his partners, who, like he, are completely in command of themselves and of what they say. Gorbachev's behavior at meetings and talks in foreign countries is the same. There was only one occasion during which his openness and readiness to establish direct contact did not achieve a complete success. This happened in Romania, and Warsaw television transmitted the following event: Gorbachev and his wife approached a large group of people gathered in front of the SCINTEIA building. Amid lively gesticulations he told these people about his visit and about events in the USSR and obviously expected some response. The Romanians continued to smile, but never offered to speak with him directly.

When one watches Gorbachev's spontaneous meetings with pedestrians, one realizes that he likes talking to people this way. This is natural, because he has proved that he is not a politician in an ivory tower.

Anyone who watched Gorbachev during his press conferences after his meetings with President R. Reagan in Geneva, Reykjavik, and Washington was bound to realize that the USSR had acquired an eloquent and dynamic leader, one who is able to cope with even a most difficult situation. His performance at those press conferences was generally appraised as masterly. [passage omitted]

It was no accident that in citing Gorbachev's biographical data we stressed his age, because one must realize what social effects can be produced by the fact that for the first time the USSR is being led by a man who represents the generation that was born and grew up after the victory of the revolution. M. Gorbachev was already an adult when Khrushchev initiated the era of critically settling accounts with the past and appealed for soberly looking at reality. It is another matter that during subsequent years Khrushchev himself opposed his appeal. In any case, at the time when M. Gorbachev was making his way as a party activist, mass purges and show trials were a thing of the past. The so-called case of the doctors who were supposed to be poisoners—Stalin's and Beria's last provocation—took place at the end of 1952, when M. Gorbachev was 22. All his predecessors were already adults when the Magnitorsk steel furnaces produced the first steel. They all witnessed and participated in the general campaign to collectivize agriculture and to promote the great mass purges. They knew about labor camps, overcrowded prisons, and the massive executions by firing squads. They fought in the patriotic war and tasted the bitterness of horrible defeats and the pleasure of victories. They grew up in the conditions when every sacrifice was said to be justified by the necessity to defend and preserve the revolution. They were not among the passive participants in the growing cult of Stalin. Their attitude toward Stalin was pure idolatry. Perhaps some of them did resent the dictator, but they would never dare to say so openly during Stalin's life unless they wanted to commit suicide. It is obvious that the mental and physical terror introduced by Stalin into the state's revolutionary organism continued like cancer to destroy man's fundamental moral principles.

M. Gorbachev's generation is free from personal aversion and prejudice vis-a-vis Stalin and the many cosponsors of the system that was created at Stalin's bidding. That generation is intellectually much more ready that Khrushchev's generation to objectively evaluate people and events who make up the history of the USSR. It is not only in words that M. Gorbachev's generation refers to Lenin and his revolutionary deeds. It is spiritually close to Lenin and to his closest aides. In its theoretical and practical activities, M. Gorbachev's generation continues to return to the moral principles on which the October Revolution is based. To recapitulate: Sections of Khrushchev's generation waged a struggle against Stalin after the 20th congress, but the reformers of Gorbachev's generation are fighting against Stalinism, that is, against Stalin's entire concept of socialist construction and against Stalinist practices.

While speaking of M. Gorbachev's generation, we should devote some attention to the ever recurring question that I have heard not only in Poland, but also in every country which I have been able to visit in the past 3 years. The question is: What are the social forces on which M. Gorbachev and his comrades can count in carrying out their radical changes in the present socioeconomic system? I think that those Soviet citizens who have been aware for many years that there is something wrong with their country will offer their main support for the authors of the reform of sociopolitical conditions. Those citizens have been aware of the stagnation of the economy and public life and have been disturbed to note how the gap between their great and incredibly rich country and the highly developed capitalist countries has continued to grow. Nor have they failed to note the USSR's weakening authority in the international arena.

The multiplying facts have continued to hurt their national pride and to depreciate the historic achievements of the country that was victorious in socialist revolution. Where can one meet such people? I think one can meet them in every generation, but primarily in the postwar generation. It is precisely that generation that has produced many well educated people who have their eyes and ears open to what takes place around them and in the foreign countries. These people are present everywhere—in industry, science, the party and state apparatus, the army, and the KGB. Like everywhere else, all these bodies have their share of the opponents of restructuring. The advocates of restructuring are united in their wish to achieve a real and not spurious success. They do not wish to achieve a success that began and ended only too often as a piece of patient paper and as an annual list of May Day slogans.

M. Gorbachev was right when he wrote in his book entitled "Restructuring and New Thinking for Our Country and for the Entire World" that "even in the seventies many people knew that there had to be fundamental changes in thinking, psychology, organization, the style and methods of work—everywhere, including the party, the state apparatus, and the leading cadre." Those many people are the people about whom we are writing. For many years the Western experts in Kremlin matters stubbornly stuck to a blueprint in line with which the party, the KGB, and the army have been and are the bulwark of conservatism. This was a false thesis, one which was in conflict with reality.

The generation change of guard in the Soviet Union remains a favorite topic for the world's mass media, politicians, and political scientists. When M. Gorbachev was elected secretary general, commentators of various political shades also concurred that this was an event of far-reaching consequences. It is understandable that he is the most highly representative of the latest generation of Soviet communists. The spotlights are aimed at him all the time.

From the countless works that have appeared on the subject of M. Gorbachev, one can deduce several main streams. Immediately following the Central Committee plenum at which he was appointed general secretary, many commentators foresaw that he would concentrate mainly on domestic affairs. They correctly foresaw the departure of the old guard. An AP commentator said that one of M. Gorbachev's first objectives would be to rejuvenate the cadres, because "this is the key to all the undertakings he has in mind. His priority will be to surround himself with people with similar objectives." This was not much of a revelation, because obviously every leader has to have people around him who think and act the way he does. The view that he would have to proceed slowly and cautiously so as not to upset the party bureaucracy was quite widespread. "First he will have to consolidate his base, and that might take entire years," wrote one commentator. Others said he would need 2 to 4 years for this, after which he would probably concentrate more on domestic policy than foreign policy. There was skeptical talk of his desire to reform the existing economic system. One Western expert said that although M. Gorbachev had said earlier that he was in favor of "profound changes" to the economy, "he would not agree to reforms which could mean a mass return to private enterprise." Another expert guessed that M. Gorbachev was pinning his hopes not on basic reforms, but on an improvement in productivity through better work discipline and a more effective distribution of resources.

The forecasts concerning foreign policy under the new leader were various. Japanese Prime Minister Nakasone said that "a new Gorbachev line in Soviet politics would only appear after 4 or 5 years." Nakasone was very mistaken. U.S. Defense Secretary Caspar Weinberger, who is considered one of the hawks, said that the change of generation in the Kremlin could lead to a change in USSR military policy in the long run, but for the time being the U.S. authorities do not expect any change. UPI summarized the opinion of the American leadership, saying that the choice of M. Gorbachev does not signify any immediate departure from the present line of Soviet politics. Rather, it signifies a continuation thereof.

Dennis Healey, British Labor Party foreign spokesman, was of a different opinion. "Gorbachev's election may create better chances for detente and disarmament than the chances that existed for many years," he said. The British got to know M. Gorbachev somewhat earlier than the Americans. Anthony Kershaw, chairman of the Foreign Committee of the House of Commons, who met M. Gorbachev during the latter's visit to Great Britain in December 1984, said that Gorbachev, unlike his predecessors, "is not afraid of new views. He is not afraid of saying that someone else is right, and in this sense we are going to be dealing with new ideas." Margaret Thatcher also said of her guest: "I like Mr Gorbachev. We can do business together." His immediate success with the British press was called to mind: "The British press thinks he and his wife Raisa are charming people, markedly different from the dismal style prevalent in Moscow." Zbigniew Brzezinski said: "I expect a very cunning, energetic, and, in many respects, considerably more dangerous Soviet leader." Henry Kissinger said that the new generation of Soviet leaders does not have to be at all easier for the American leaders to deal with. Years later, he said that the Soviet Union under M. Gorbachev might turn out to be more dangerous for the West than under any previous leader, so be careful with the praise!

Two days after M. Gorbachev's appointment, Daniel Vernet wrote an article in LE MONDE entitled "The Myth About a Reformer." The very title tells us what the author is going to say. Gorbachev, wrote Vernet, "has studied law, and this is a sphere where ideology is stronger than elsewhere." This of course is an accusation! "His official biography says that he used to be a 'tractor driver,' so as to give him a tiny bit of human quality without which there cannot be a good leader," Vernet jeered. Gorbachev was guardian of ideology under Chernenko, and "he was not conspicuous with any bold views then. He turned out to be a firm defender of 'the inviolable principles of Bolshevism.'" So where does the carefully maintained reputation about a technocrat, reformer, and modernist come from, asks Vernet. He provides his own answer: "Unlike the 70 year-olds who are afraid that the slightest change to the functioning of the system can hasten their demise, Gorbachev attaches clear importance to the recent work intended to give enterprises greater independence and scientific cadres greater responsibility. Perhaps in a few months we will once again hear about the economic reform that was commenced by Liberman and his followers at the beginning of the sisties, adopted by Kosygin, and then never implemented."

Western hopes of 'detente' for a nation that is forced to remain silent, many Russians expect something different: sharp statements, in fact something which Kremlin experts call the 'neo-Stalinist option,' involving purges, increased repressions, a personality cult, intensive modernization, a sharp struggle against alcoholism, a general mobilization of 'human assets'....." Other experts, wrote this author, expect a cautious liberalization, gradual decentralization, and greater economic stimuli. There is no question of a major reform.

Let us quote another two opinions in the American press. In March 1985, NEWSWEEK wrote: "So far in the Kremlin there has been no one able to compete with Ronald Reagan. The new general secretary Mikhail Gorbachev, as hard as his predecessor but also intelligent, smooth, pleasant, and healthy enough to discharge his office, may do so. The competition between the superpowers is becoming a completely new contest, and the 'man from Moscow' has 20 years advantage over the U.S. President. M. Gorbachev's election is something more than a personnel change. Gorbachev has not received his mandate to liberalize Soviet communism, but to make the old system work better and squeeze more work out of society."

NEWSWEEK, which devoted 22 pages to M. Gorbachev and presented him against the background of the USSR domestic situation, referred in one of its articles to the already mentioned Dennis Healey, who said that "the new general secretary is the representative of all the more far-reaching elements in the Soviet system, and there are more and more people like him at upper and medium party levels." Another article on science and scientists wonders if "young scientists will be able to remove the barrier that prevents a combination of pure science with practical technology," asserting that scientific research was dominated by the gerontocracy for a long time. Since Stalin's death, says this article, the Russians have been awarded 5 Nobel prizes for physics and chemistry, whereas the Americans have been awarded 38. The author of this article admits this is an abnormal situation since the Russians have the greatest scientific community in the world. Another American weekly, TIME, wrote: "A new man in the Kremlin. One hopes for the best, but should expect the worst."

From the above Western press commentaries that appeared the day after Mikhail Gorbachev's election to general secretary, it emerges that only a few politicians and journalists correctly foresaw what was to come. The opinions of most of them were colored by the traditional view of the Soviet Union. They expected a representative of the new post-revolutionary generation to be energetic, but no one guessed he would be the driving force for exceedingly profound broad-scale changes to USSR socioeconomic life. No one really foresaw that already in the new general secretary's first year, many of the truths that for many decades had been considered inviolable would now be considered irrelevant. Of course, one can laugh at the inaccurate forecasts contained in the Western media, but this laughter would be hollow because since Khrushchev's fall, no changes at the top had caused any major alterations in USSR domestic and foreign policy. Successive CPSU leaders had taught the world to treat the Soviet Union as a country where existing social and economic countries are considered tried and tested, and almost perfect.

Let us be frank. Did any of us, I mean friends of the Soviet Union foresee what would happen in the nearest future? It is true that we hailed the generation change of guard, but we have to admit our imagination did not reach very far.

There is not much we can say about the commentaries in the socialist press after M. Gorbachev's election, simply because there were no commentaries as such. The press carried a report on the CPSU plenum that elected him and telegrams of congratulations. In accordance with tradition, it is not the custom in the socialist countries to comment on top-level personnel changes.

That is how things were. Today, in the fourth year of perestroyka, the Polish press is increasingly full of articles whose authors present their own point of view on the subject of the development of the situation in the Soviet Union and M. Gorbachev's work. More and more authors are speaking with their own voice, although the psychological and political barriers that existed for decades have still not disappeared completely. But the progress is evident, in the Soviet Union as well.

Five years ago, could anyone have imagined a Soviet journalist saying: "I am not ready to say that everything Gorbachev does is free of error" ? This was said by Yegor Yakovlev, editor in chief of MOSKOVSKOE NOVOSTI, in an interview for the Hamburg DIE ZEIT. Also, could anyone several years ago have imagined the following remark by a reader appearing in a Soviet paper: "Right now, there is quite a real possibility of a plenum at which Gorbachev might be elected, with the slogan 'for limitless glasnost,' or any other slogan. The party apparatus is not at all supporting our leader unanimously, or everywhere, or always sincerely. If there is an attempt to block perestroyka, this time the people will not remain silent. Almost every citizen of the Soviet Union is for Gorbachev; against him are a handful of people waiting behind the double doors of offices." (SOVETSKAYA KULTURA, May 1988).

Interest in the new Soviet leader has remained at an unusually high level for 4 years now. It is no exaggeration to say that each step he takes is carefully analyzed. He is being written about both in the context of the USSR internal situation and in the context of the foreign policy pursued by the Soviet party and state in the years since the April Central Committee plenum.

The more the Soviet leader demonstrated in successive speeches the "new thinking" in domestic and foreign policy, the greater the wave of recognition and positive feeling in western Europe and the United States. It is not only journalists who expressed this feeling, but politicians as well. Apparently, Prime Minister M. Thatcher has joined the avid supporters, and even fans, of M. Gorbachev. She has not spared her praise for him.

But already in 1987, the speeches of many Western politicians and some press articles began to be inflitrated by a new tone which can be expressed in a single sentence—"Be careful of Gorbachev!"

One could write a large book about the fears besetting the Americans and their allies in connection with the energetic thought and action demonstrated by Mikhail Gorbachev. Let us leave this task to experts on international affairs. We will restrict ourselves to formulating two conclusions. The first one is: The generation change of guard in the Soviet Union is an event of historic importance, not only for its citizens, but for the entire world. And the second: Soviet people should be proud of the fact that the chain of events in their country has led to the emergence of a leader who is expertly acting for the sake of consolidating the USSR's real international prestige, not a prestige coined by cheap propaganda.

New Gorbachev Peace Proposals Examined

AU1407143688 Warsaw RZECZPOSPOLITA in Polish 12 Jul 88 pp 1, 2

[Commentary by Maksymilian Berezowski: "An Offer for All of Europe"]

[Text] It is quite natural that political observers following the first day of Mikhail Gorbachev's stay in Poland should be prompted to reflect and comment extensively on the most important issues facing the world and Europe, and the most important questions connected with Polish-Soviet relations. Today, in the light of the Soviet leader's Sejm address, the one thing that really ought to be said is that by using the forum of the Sejm to put forward a package of important proposals concerning a fundamental improvement in the situation throughout Europe, Mikhail Gorbachev has emphasized the importance that he attaches to the Polish parliamentary system. This act also highlighted the international importance of his visit to Poland.

Particular attention has focused on the three new proposals made by the Soviet leader at the Sejm.

First, he expressed a readiness to withdraw Soviet aircraft from certain bases if the United States abandons its plans to transfer 72 of its F-14 [as published] military aircraft to Italy; the aircraft are to be removed from Spain at some point in the next few years, at the request of the Spanish Government.

Second, in view of the key importance of the Reykjavik USSR-U.S. summit—held in the fall of 1986—for laying the groundwork for Soviet-American disarmament agreements, Gorbachev proposed calling a conference of European leaders that could give a strong boost to efforts to solve many of the difficult problems facing our continent.

Third, addressing the Sejm, he made a concrete proposal concerning the establishment of a center for reducing the danger of war and prevention of an unexpected attack in Europe. The most important point in this respect is that, in view of the concentration of people and infrastructures in Europe, a conventional war could be as destructive as a nuclear one. At the same time, conditions are now ripe for—as Gorbachev says—quickly breaking the vicious circle of conventional weapons.

In his Sejm address, General Wojciech Jaruzelski also discussed the plan to establish a center of this kind. He not only expressed support for the idea, but also said that Poland is ready to immediately enter into bilateral and multilateral negotiations on the issue and, moreover, to have the center's headquarters based in Poland, if the states concerned agree to this. We can note that this aspect of M. Gorbachev's plan is convergent with elements of the Polish plan to defuse tension and reduce weapons in central Europe. Our country's location in the very center of Europe, and Poland's achievements and experience in international control and cease-fire missions (Korea, Indochina, Nigeria, and the Middle East) are points in favor of the readiness that was expressed. This would undoubtedly assist the functioning in Poland of a center aimed at preventing conflicts, eliminating the sources of misunderstandings, and paving the way for the verification of international disarmament agreements. The construction of a common "European home," which is something that the USSR's leader talked about, can assume a very real form if prejudices are discarded and a start is made on consultations, preparations, and agreements. This is because the danger does not lie in the institutional differences that exist in Europe, but in antagonism and confrontation, which can be eliminated.

The proposals and offers contained in yesterday's Sejm addresses by the leaders of the USSR and Poland complement and confirm the initiative displayed by both states in defusing and eliminating the causes and manifestations of tension in Europe. New concrete points of departure for broadening talks and accelerating negotiations, and partnerlike cooperation with all Western states that desire this lends strong support to the credibility of our—Polish and Soviet—policies of renewal, extensive openness to the rest of the world, and reform.

Today, along with Mikhail Gorbachev's visit, a readiness to develop peace initiatives is radiating from Warsaw all over Europe

Czyrek, USSR's Medvedev Hold Talks

LD1707010588 Warsaw PAP in English 2221 GMT 16 Jul 88

[Text] Warsaw, July 16—Member of the Political Bureau and PUWP CC Secretary Jozef Czyrek met here on Saturday with CPSU CC Secretary V.A. Medvedev to discuss the conclusions stemming from the visit of CPSU CC General Secretary Mikhail Gorbachev for the cooperation between the two parties.

The two agreed to undertake concrete steps with a view to fully implementing them.

Soviet Naval Group Visits Szczecin

LD1907194388 Warsaw PAP in English 1657 GMT 19 Jul 88

[Text] Szczecin, July 19—Szczecin harbor today gave a particularly warm gala welcome to a group of ships of the Soviet Navy's Baltic Fleet: Flagship—cruiser "Grozny", and warships "Slavny" and "Boytelny", greeting the guests with flowers.

The USSR seamen with the commander of the USSR Baltic Fleet Admiral Vitaliy Ivanov were welcomed by representatives of the headquarters of Polish Navy with its commander Rear-Admiral Piotr Kolodziejczyk, regional authorities, delegations of the residents, plants and youth.

The USSR seamen who will stay in Szczecin until July 24 are to participate in celebrations of the 44th anniversary of Poland's rebirth and lay flowers at the Brotherhood In Arms Monument here and at the wartime cemetary—mausoleum of Soviet soldiers in Stargard (near here).

The guests also are to meet Polish war veterans, soldiers and youth. The Szczecin residents will have a chance to visit the USSR warships. Song and dance ensemble of the Baltic Fleet will also perform here.

Olechowski, Varkonyi Praise Relations

LD1707010788 Warsaw PAP in English
2220 GMT 16 Jul 88

[Text] Warsaw, July 16—A meeting was held here today between Polish Foreign Minister Tadeusz Olechowski and his Hungarian counterpart Peter Varkonyi.

To-date state of bilateral relations was highly praised, and prospects for their further development were discussed, particularly in the light of transformations taking place in Poland and in Hungary.

The talks also focussed upon certain international problems and upon cooperation between Foreign Ministries of the two countries.

Solidarity Group With CSSR Marks Anniversary

PM1207111088 Paris LE MONDE in French
12 Jul 88 p 3

[Bernard Guetta dispatch: "Polish and Czechoslovak Oppositionists Demand 'Democratic and Efficient' System"]

[Text] Warsaw—The Polish-Czechoslovak Solidarity Group, which met this weekend, adopted the following statement to mark the 20th anniversary of the invasion of Czechoslovakia by the Warsaw Pact forces.

"We agree that we are living in a time of change, because the system established almost 40 years ago is experiencing a deep crisis.... For the first time, some of the ruling elite seem to understand this. We think that, irrespective of the actions of reformists, the chances of reforming the system depend more on the societies concerned than ever before. The more independent social organizations there are, the more independent programs and ideas we have, the more chance there will be of this system being replaced by a democratic and efficient system.

"We intend to act now to promote respect for the human being's fundamental rights:

"1—The right to sovereignty. We think the Warsaw Pact members must draw up a new agreement accurately defining the relationship between our countries. We also think that barriers between the two blocs must be eliminated, and that the documents relating to the Soviet interventions in Berlin in June 1953, in Hungary in 1956, in Czechoslovakia in 1968, and the threat of intervention in Poland in 1980 and 1981; to the mass arrests of Polish citizens in 1939 and 1941, and in 1944 and 1948, the Katyn massacre in 1940, the murder of Imre Nagy and several hundred of his supporters; to the Cominform's activities; and to the mass murders by the Czechoslovak courts in 1948 and 1956, must be published.

"2—The right to religious and national development. All cases of deportation and repression for religious or national reprisals must be published.

"3—The right to a legal system worthy of man, ensuring freedom of association, freedom of speech, and freedom to write: The existing legal state supports the repression of any political or economic activity.

"4—The right to travel freely.... We think that every citizen should be able to hold his own passport permanently.

"5—The principles of equality must be respected within CEMA. None of the member countries should have the right to force the others to adopt an economic system or a system of ownership...to ensure that CEMA membership cannot limit opportunities for trade with non-CEMA countries."

This appeal was signed by 14 representatives of the Czechoslovak opposition and 12 representatives of the Polish opposition including Vaclav Havel, Jaroslav Sabat, Petr Uhl, Zbigniew Bujak, Jacek Kuron, Adam Michnik, Jan Litynski, Jozef Pinior, and Zbigniew Romaszewski. h1

Economic Cooperation Talks With Austria Held

LD1607014988 Warsaw PAP in English
1923 GMT 15 Jul 88

[Text] Warsaw, July 15—Chairman of the Council of Ministers Zbigniew Messner received here on Friday Austrian Minister of Finances Ferdinand Latina. The talk, devoted to mutual relations, was attended by Polish Finance Minister Bazyli Samojlik.

On the same day, the Austrian minister was received by Vice-Premier Zbigniew Szalajda. The sides discussed credit and financial issues in the context of the overall economic cooperation of the two countries and the outcome of the 12th session of the governmental Polish-Austrian mixed commission for cooperation in economy, industry, science and technology which ended here last Thursday.

Bazyli Samojlik and Ferdinand Latina discussed bilateral financial relations and conditions of refinancing the Polish debt to Austria. The ministers positively assessed

the appearance of the new forms of financial cooperation between Polish and Austria nenterprises. The two also agreed to continue talks on the conditions of debt servicing.

The Austrian guest met with Minister for External Economic Relations Wladyslaw Gwiazda. The meeting examined the Polish-Austrian cooperation in trade and possibilities for applying reciprocal customs facilities in the goods exchange.

Trade Accord Signed

LD1507231188 Warsaw PAP in English 0046 GMT 15 Jul 88

[Text] Warsaw, July 14—The 12th session of the Polish-Austrian mixed government commission for economic, industrial and scientific-technical cooperation was held here July 13-14.

The sides assessed positively the state and prospects for development of economic relations and pointed to the possibilities of expanding the two-way trade.

The sides signed a protocol defining the major directions of further cooperation between Poland and Austria.

GATT Representative Discusses Debt

LD1607013988 Warsaw PAP in English 2056 GMT 15 Jul 88

[By PAP correspondent Edward Dylawerski]

[Text] Geneva, July 15—Taking the floor at a U.N. Economic-Social Council's session at the Palace of Nations here today Polish permanent representative with the GATT Piotr Freyberg said that the burden of the debt hampers all Poland's economic efforts.

Not the size of the debt, however, is the most painful but the relation of the exports-generated incomes to servicing of the debt which worries us, he said. Because of insufficient incomes from exports we are short of necessary means for economic development, while our debt keeps growing. We think that the solution of the problem of our indebtedness needs a more positive stance from our creditors, as well as cooperation with international finance institutions like the World Bank, the International Monetary Fund, and the system of commercial banks. We have also noted some positive development in this field and we want to use this fact in our economic efforts.

We note with great concern the rebirth of protectionism. Barriers erected in foreign trade reduce the demand for our exports and inhibit a positive structural adjustment of the economy, the Polish delegate stressed and appealed for the return to a more liberal international trade in industrial and agricultural goods and services.

Prisoners Released To Do 'Alternative' Service

LD2007190588 Warsaw Television Service in Polish 1730 GMT 20 Jul 88

[text] A week ago the Sejm passed an act making it possible for conscripts guided by their religious beliefs or professed moral principles to fulfil their defense obligations in the form of alternative service, outside the armed forces. Today, the chief military prosecutor made applications to the Council of State to exercise its right of clemency in respect of eight people who had been sentenced for refusing to do military service on the grounds of their beliefs. In consideration of the fact that especially important public interests warranted clemency, and that the prisoners had undertaken to do alternative military service after their release from penitentiary institutions, instructions were issued that their sentence be interrupted, and that they be released immediately.

Military prosecutors have made applications to appropriate courts for conditional early release of 86 prisoners serving sentences of imprisonment for avoiding military service for religious reasons, and of 1 person who had committed such an offense for pseudopacifist reasons. No application for clemency was made in respect of prisoner Slawomir Dutkiewicz, as he categorically refuses to do alternative service.

Bill on Substitute Military Service Submitted

AU1207104388 Warsaw TRYBUNA LUDU in Polish 23 Jun 88 p 3

[Text] PAP—The government bill to modify the law on the general duty to defend the country has been submitted to the Sejm. The bill provides for "substitute service," which enables draftees to do their military service in a non-military form, if this is what their conscience demands.

The bill will guarantee more effective management of manpower reserves and a better adjustment of the needs of the Armed Forces and civil defense to the requirements of the reformed economy of manpower and will more effectively cater to individual religious and moral motivations regarding military service.

The regional recruitment commissions would decide whether draftees would be allowed to do substitute service. The latest day on which a draftee's written application to this effect would have to be submitted is on the day on which the draftee receives summons to report to the commission. The Voivodship Recruitment Commission would consider appeals against decisions on such applications. The regional commissions would be reinforced by representatives of the people's councils and PRON.

The draftees obliged to do national service or service in civil defense would, if qualified, have to do substitute service for 36 months and university graduates would have to do such service for 24 months.

Substitute service would involve simple work in specified enterprises for the benefit of the natural environment, social welfare, the communal economy, and the water economy. The minister of labor and social policy would supervise this work.

Those doing this work would each receive allowances amounting to the cost of maintaining a national serviceman. The appropriate plant would have to provide free daily food or a cash equivalent and, in specialuses, free living quarters; to pay wages equivalent to a private soldier's pay; to supply free protective clothing and other equipment in line with the appropriate regulations; and to grant social benefits. Health service institutions would have to provide free medical services, drugs, and artificial limbs and other necessary assistance in case of injuries and mutilations. The draftees doing substitute service could receive other fiscal benefits determined by the Council of Ministers and would be entitled to the same annual leave as granted to national servicemen.

Although not bound by a contract, individuals doing substitute military service would be subject to the rules of the Labor Code concerning the duties of plants and employees, the material responsibilities of employees, the working hours, and work safety arrangements.

The bill also provides for abolishing the "substitute service for draftees" and for modifying the "national service in civil defense." The present law defines both these services. As soon as the proposed changes to this law become valid, persons doing substitute service would become draftees serving in the civil defense units without military barracks. They would continue to work in the same plants until the legal service time of 24 months is over and would have the period of their substitute service taken into account.

The bill also provides for punishing those draftees allowed to do substitute military service who refuse to do this service.

Czyrek Joins in Debate on Political Pluralism

AU2107101188 Warsaw POLITYKA in Polish 16 Jul 88 p 3

[Report signed Z.R.: "An Attempt"]

[Text] In Poland there is a city that seems to have been specially built so that people may discuss what unites them and what divides. Such a city is Krakow, with its university and coffee house tradition; with its variety, as illustrated by the presence of the Catholic Intelligentsia Club and the offices of TYGODNIK POWSZECHNY and ZDANIE; and with its clearly demarcated intellectual and artistic elite.

Krakow is falling apart. It has problems with water and no air to breathe. Its elite feel that they have been wronged and are now under threat. They have also felt the unsuccessful industrialization, the population increase, the changes in the city's social structure. This is because Krakow is also Nowa Huta. The city is also the place where workers have gained new experience and where the economic reform is being tested in practice.

At the invitation of Emil Zielinski, chairman of the PRON Municipal Council, 50 distinguished Kracovians gathered at the Polonia House on 7 July to meet PZPR Politburo member Jozef Czyrek and discuss the anticrisis pact and political pluralism. Despite the heat, the meeting lasted, and this is possible only in Krakow, 6 hours. We present a considerably abridged and unauthorized record of some of the speeches in the debate.

Emil Zielinski, opening the debate: Talk about the anticrisis pact and political pluralism has been too vague so far. It is time to leave theory behind and explain these concepts. In Poland, the mills of reality are slowly grinding good intentions. To stop this from happening this time as well, we have to seek concrete answers to the following questions: Can one erase the various political divisions between those who govern and those who are governed? Is the kind of cadres policy that motivates people possible? Can elections make the system of representation credible? Can one take advantage of the convergence of views by economists belonging to different political camps? How far is a pluralism of associations possible? What can those who enter the pact receive from their partners, and what can they give them?

Gwidon Rysiak, lawyer, SD member, and member of the Socioeconomic Council: I see no possibility of an anticrisis pact today. It is either too late or too early for one. If those who are bankrupt enter into a pact, nothing good will come of it. Who would conclude a pact with them? The government cannot cope with the special powers and restructuring, and should resign. The party has no prestige. Reviving "Solidarity" is beyond the point, that bridge has already been crossed. The church should deal with affairs of the soul. It is necessary to bring out into the open organisms that really exist in public life, that possess prestige and enjoy trust. For example, such an organism in colleges is the Independent Students Union, but there could also be various local student unions. Why can't principals permit them to be active? The more there are of them, the better. Other trade unions ought to be registered, apart from the existing ones. The principle of pluralism ought to be dominant. There are no enemies of socialism, only enemies of inefficient socialism. Society's frustration must be overcome, but this cannot be done by a fictitious anticrisis pact.

Andrzej Kurz, historian, PZPR member, director of the Literary Publishing House: Social frustration is not diminishing. One can see a lack of desire for development. We are growing accustomed to the crisis. We need a pact, we need to reach agreement with the opposition on the basis of the present and future constitution. However, this pact must be a credible one.

I know, the idea is that both sides will meet and say: Let's tighten our belts, then we will emerge from the crisis. But one should put it differently: Those who are enterprising will have it good, in other words not everyone will have it good. One has to say: You are in favor of your own prosperity and that of your family. If you want to be enterprising, you will obtain help, credits, and so on.

One must not bandy about promises and involve oneself in everything. National tasks are: education, health and environmental protection, books, and economic restructuring.

If the party wants to be credible, then it must take stock of the past, which is dragging our boat to the bottom. Somehow, we do not want to tell the truth about the past, even the post-December past. And one has to say clearly: Martial law was a necessity. We had to reach a compromise with the opponents of the Ninth Congress because we had too few supporters; this was a compromise with conservatives and with those behind the events of March 1968. Those who lost face must not be protected, they are unreliable.

Extremism feeds off itself. Resources are used in the struggle against it, but stronger resources may be formed by means of an alliance between those people in the ruling camp and opposition who want to act.

Professor Marian Stepien, specialist in history of literature and chief editor of ZDANIE:

Why is it that it has taken us as many as 6 years to gather here to discuss the anticrisis pact? The years of boycott were a sheer waste of time, and this was our error. Nor are the authorities blameless. The seventh plenum has conceded errors, but the fact is that someone has to take responsibility for them. These omissions show what we have to make good, regardless of whether we are with the party, Solidarity, or the Catholic Church.

In reaching accord, we should proceed from values and only then set up associations and structures. We must agree to rehabilitate work, the law, and money. We have debased these values. It is of secondary importance what else we should rehabilitate.

We have been talking and talking for years on end, but have solved nothing, because we think that talking about problems amounts to solving them.

Professor Jan Blonski, specialist in history of literature:

The trouble is that the government is not credible enough. People think that the government wants to swindle them, that it deals in fictions and not in realities, and that it runs fictions. The government has lost contact with reality.

We have to begin thinking of responsible and autonomous partners. Only the government, the Solidarity opposition, and the forces around the Catholic Church are real forces. It is possible that some people will listen to these forces to some small extent. I say to some small extent, because there is little trust.

The government is doing nothing. Do something real!

Professor Jozef Lipiec, philosopher and PZPR member:

That some sociable pact is being born is already something, because previously not even such a pact was possible. But it would be bad if the pact were all we could achieve.

Small pacts that can be used to solve specific issues have been concluded in many places, and this means that we have something in hand with which to start doing things.

There can be enlightened democracy and absolutism and there can be backward democracy and absolutism. It is possible to argue about the defects and virtues of enlightened democracy and absolutism. But backward absolutism is the worst thing possible. Thinking people should make a pact against this kind of absolutism and in favor of enlightment, that is, in favor of a thorough socioeconomic restructuring.

We must not turn the pact into an association of sociable bargaining.

Dr Miroslaw Dzielski, chairman of the Krakow Industrial Association:

The three bills on economic activity, on bonds, and on foreign capital represent obvious progress and an achievement of the government, which is being criticized here. At last I am able to believe that changes are possible. But we all, and not only the government, need to assume responsibility. We must give thought to individual responsibility.

Some people see policy as running with the hare, and such people will not change anything. Others speculate on how to act effectively so as to promote changes under our very conditions. This is responsible and dutiful thinking.

No one will ask us to account for what we consider our good arguments, but we will have to answer for our actions. We have to change the system, yet to do this in the present balance of forces and interests we have to think of not only the room for ourselves, but for other people as well. The political question is how to change the economy, but this question has to be supplemented by another question: What room should we find for those who may oppose changes out of fear?

We have to find out how the state and society will relate to each other in the next 10 years. We have to establish where we can have democracy and at what level. It has to be genuine democracy. If you do something, do it well.

The elections to the people's councils denoted some progress, but they lacked authenticity and became a fiasco. A government list of election candidates is all right, but if you allow other candidates to stand for election, then you must see that they have authority. There must be genuine elections. In the recent elections we were not clearly told what is to be the responsibility of the state and what was to be the responsibility of the people.

Docent Bronislaw Lagowski, philosopher and PZPR member:

Public debates and a pact will not solve specific problems, including housing. Public debates should establish principles. A pact could deal with the principles of the future Constitution.

We must set up a state run by the rule of law. Democracy should be seen as a mechanism that prevents tyranny and curbs political power. It should not be seen as the will of the people. We must ensure democracy in a negative sense, a liberalization of the economy, and the formation of elites.

Professor Wladyslaw Strozewski, philosopher:

We have a crisis of authority and principles. Actually what has been designed as capitalism and as socialism no longer exists. These two terms are things of the past. Nor does pragmatism bear any fruit any more.

We must establish anew the principles governing the good that we want to achieve. The absence of such principles produces primarily various prohibitions.

Jozef Czyrek, Politburo member, Central Committee secretary, and chairman of the PRON National Council:

People are right in asking for a vision, a program, and a new system of values. The party is trying to present such a vision. We want to create a Polish model of democracy and humanist socialism that would:

—Make allowances for our special historical conditions and characteristics, above all for the pluralism of our people;

—Finally break away from Stalinism, promote socialist personalism, and recognize man as the central value;

—Promote self-government as the essence of democracy;

—Ensure the rule of law as the negation of voluntaristic government.

I know that time does not stand still, but I cannot agree with those who say that we have done nothing and the past few years have been wasted. For example, we can see that social awareness is clearly changing and that the party, the Catholic Church, and the opposition are viewing reality in a changing way. Our people are more mature than they were 6 years ago. We have changed, although we are not always aware of this and do not always want to come to terms with it. We must be quicker and more resolute in learning lessons from these changes.

Pluralism is reality and not some act of grace. Polish pluralism denotes not only differences in views, but also and primarily differences in people, groups of interests, ownership, economic sectors, world outlooks, and ideological-political considerations.

We want our pluralism to respect the views that are different from ours, but that do not offend against our Constitution.

We are against the competitive, confrontational, and auction-like game indulged in by bourgeois pluralism. That is why we do not promise that political structures based on those premises will be allowed to be freely created. Polish pluralism should be based on the policy of dialogue and accord.

One of the various forms of pluralism is the coalition government. We want to make it increasingly possible for coalition participants to express their own views and the interests of their social base and to better exploit the potential of this base.

Pluralistic structures continue to emerge. They include the Consultative Council and the new Polish Club for International Relations, which has been joined by such different people as Geremek and Kociolek. PRON is also a pluralistic structure and could be even more pluralistic, but this depends on the Catholic Church's attitude toward PRON and on other factors.

So far the registration of new associations has been restrictive because of the right of administration to assess their social usefulness. This is unnecessary. If an association's goals respect the Constitution, they should be allowed to be realized. The position of former Solidarity is different. It called itself a sociopolitical movement and went beyond trade union work. That is why the trade union law cannot apply to it, and this is the postulate of trade union pluralism.

It is better to talk about the coalition in favor of reforms than about the anticrisis pact, because this coalition provides for partnership of various sovereign bodies, which retain their identity. The coalition's goal is to ensure that government and the economy are reformed in a lawful and effective way.

Although a declaration or formal accord are not out of the question, it is better to coordinate activities, structures, cadre and solutions on the principle of mutual trust. Despite past grievances, all partners should trust each other. Everyone can join the coalition, except those who say that the worse the situation, the better for them.

The proreform coalition is a grassroots creation of many communities through specific activities and action programs. In a way, it is also created from above. These two processes should be supplementary and should determine the coalition's final shape.

We must begin by discussing the lessons of the election to the people's councils and by preparing the Sejm election law. We need to evaluate the effectiveness of the mechanisms of the second stage of the economic reform. The bill on associations is underway and talks to this end are continuing. The bill will be subjected to a roundtable discussion.

August of 1980 produced strong development incentives and our chances were great. Unfortunately, the Solidarity leadership rejected our offer for accord, and the party's reform forces were left to themselves. Wasting enormous social potentials was a tragedy, which could have been prevented. New thinking must now be promoted by both sides.

This meeting has tried to foster such thinking and the new rules of the game that suit us.

Baka Holds News Conference 9 July

AU1307141988 Warsaw TRYBUNA LUDU in Polish 11 Jul 88 p 2

[Text] PAP—The 9 July press conference held by Wladyslaw Baka, Politburo member and Central Committee secretary, for the journalists reporting on M. Gorbachev's visit was an opportunity to study closer Poland's economic problems.

W. Baka discussed the seventh party plenum, which criticized the course and results of the economic reform and outlined the measures that are necessary to halt the dangerous trends in the market economy and to make the economic reform more effective. He said that decisions on democratizing socioeconomic relations and on recruiting economic cadres should favor those measures.

W. Baka answered several questions, including the following:

PRAWO I ZYCIE: When you agreed to join the Politburo did you ask that for any conditions concerning the course of the second stage of the reform to be fulfilled?

Baka: The seventh plenum report, which openly stressed weaknesses of implementing the economic reform, the critical evaluation of measures on prices and incomes, the policy of strengthening economic balance and the role of money, and measures to effectively eliminate obstacles to the reform are harbingers of conditions favoring the consistent implementation of the economic reform. However, achieving these conditions is a very difficult task. I think that fulfilling the expectations that people have of me is rather beyond me, but these expectations inspire me to make every effort to have the reform realized.

Polish Radio: What about a "healthy zloty?"

Baka: A year ago, the Polish National Bank drew up a program for strengthening our currency. The program provides for gradual price-income measures and not for a single big operation, because we know that people in Poland and elsewhere do not trust so-called compensatory transactions. In the first 6 months of this year we compensated people to the tune of Z1,200 for every Z1,000 taken from them in increased prices. This helped to deteriorate economic balance and increase inflation and made people feel that their incomes have declined. Analyses of the first 6 months of this year will help us to make decisions that can halt these disadvantageous trends.

The original sin of socialism was to reject money, which is an extremely important achievement of civilization, but which socialism equated with the capitalist economy. I think that more and more people realize that this view of money must be rejected. Our program regards a changed approach to money as the key to improving our economy. For one thing, the bank must not supply funds to the budget by issuing valueless banknotes. The bank is unable to meet all the needs of enterprises in loans. The bank can loan only as much money as it possesses in the form of savings or deposits.

CTK: What is Poland's present indebtedness to foreign countries?

Baka: Poland's debt amounts to $39-40 billion, an amount that greatly depends on the dollar's exchange rate. For example, in 1987 our debt increased by about $7 billion, but about 80 percent of this increase was caused by the devaluation of the dollar. The situation is not at all hopeless. In accordance with the program that we have presented to our foreign partners, we should be able to repay our debt. It would continue to increase up to 1991, but in that very year it would be possible to balance the current turnover and to stabilize the debt at the level of $43-44 billion. And if our exports kept on increasing, we could even reduce this amount. Our economy is capable of greatly increasing exports. This year exports should increase over 20 percent. Many enterprises are able to make every dollar paid for imported material to increase the value of exports by $2-3 in a short time. Within 2-3 years, modernization investments can greatly increase the export of the goods that are most in demand in the West

[Question] Decisions have been made to liquidate 21 inefficient enterprises. Will this be no more than formal liquidation?

Baka: Indeed, such decisions are just harbingers of things to come. The restructuring of the economy is a task still in front of us. We must accelerate the procedures of liquidation and bankruptcy. We should not draw up some lists of the enterprises to be liquidated or merged. Liquidation and mergers must be a process resulting from from the economic conditions, from instruments of economic policy, and from a certain balance of social forces. We must thoroughly restructure the Polish economy, eliminate many monopolies, and set up hundreds and hundreds of new enterprises. In this way our economy will acquire the necessary flexibility, which is a must if economic mechanisms are to operate.

Polish Television: After 17 years of talking about establishing Polish-Soviet enterprises to promote economic integration, only three such enterprises have been set up so far? Why?

Baka: The Polish economic reform and Soviet restructuring are at one on how to solve economic problems, the role of enterprises and economic mechanisms, and the functions of national currencies. Polish-Soviet economic cooperation is no longer the exclusive area of state decisions, of coordination by planning bodies, and so on. This cooperation will be increasingly handled by enterprises, which will be able to directly cooperate and to make economic decisions to cater to joint interests. The one truly permanent thing in the world of the economy is one's interests, and socialism does not change anything in this regard. Everyone in the USSR and Poland is saying this openly. At present, about 200 Polish enterprises are engaged in direct cooperation with Soviet enterprises. I am convinced that this cooperation will decisively expand in 3-5 years.

AL-BA'TH, Syria: Will Poland's cooperation with highly developed countries curb its contacts with developing countries?

Baka: The development of cooperation with developing countries is in the interest of our economy and we critically view our achievements and the lack of concept in this regard. We are in favor of long-term cooperation.

UPI: What about the talks with members of the Paris Club?

Baka: Last December we signed a temporary accord to give us and those members the time for bilateral talks, because only in this way will we be able to possibly reschedule our debt and update the conditions of various agreements. The talks, which are at various stages of progress, continue to be held in various capitals. We have not been able to have the interest on our debts generally reduced.

L'ESPRESSO: What do you think about a new Marshall Plan for Eastern Europe:

Baka: During my recent visit to Italy I heard some hints about this plan, which is still a vague concept. Government circles were rather reticent about it. We welcome every form of cooperation and do not reject assistance, but what Poland wants is to normalize its credit situation. It does not want assistance. We have great production and other potentials. We want to exploit these potentials with the help of normal credit and fiscal relations with foreign countries. Our foreign trade enterprises have to pay cash when honoring 90 percent of their fiscal obligations, while Poland is still being refused loans, which are the normal way of the world.

Firms Find Loopholes To Fend Off Bankruptcy

PM1307095388 Szczecin GLOS SZCZECINSKI in Polish 29 Jun 88 pp 1,5

[Commentary by INTERPRESS correspondent Jacek Swidzinski: "Loopholes in the System: Bank on Bankrupts"]

[Text] How many enterprises have gone bankrupt in Poland to date? No one at the Polish National Bank [NBP] knows exactly. But the prevailing belief is that, despite the reform campaign, it is still very difficult to become bankrupt. By the end of last year 13 enterprises had definitely lost their creditworthiness (and, consequently, liquidation procedures against them were set in motion), while at a further 159 so-called remedial operations were instituted to restore their finances to a healthier condition.

"What we are doing today bears every hallmark of utter quixotism," says Ryszard Kowalski, the NBP chairman's adviser, "because we still remain very much isolated with our 'tough money' policy."

So much has been written in the press on the subject of "bankocracy" and so many times have enterprise managers given vent in public to their vexation with the bank that the statement about the bank's isolation appears to be correct. Because, as it turns out, a large number of enterprises which are financially at a "last ditch" stage do not need the services of the bank at all to continue to lead a peaceful and undisturbed existence. There is a whole system of loopholes which ensures that financial resources are provided in one way or another for enterprises which have found themselves "in the red." There is a variety of tax concessions, there are subsidies, and there are also more than a hundred types of designated funds. According to bankers, the latter contribute to increases in inflation. Enterprises make up for the money they pay into those funds by declaring it as expenses. The money from the funds is later donated to enterprises which disregard all the sound principles of economic calculation in their financial policy. Can this be called anything other than creating inflation?

I have seen the list of enterprises included in the remedial operations scheme. It is an odd roster indeed. As I expected, there are many enterprises connected with the socialized farming sector: state farms, state horticultural enterprises, and firms specializing in services to the agriculture. There is no shortage of construction firms on the list. Construction firms have in any case been allowed to operate on principles which go against all reason and sanity: They can increase their prices by 41 percent this year, but if their profit index falls below 10 percent... they can raise the prices even higher. This means that the worse business managers they are, the greater freedom will they have in manipulating their prices. This example demonstrates the truth of the bank's thesis, as the loopholes permitting the money drain are more than obvious here.

However, the roster of enterprises included in the 1987 remedial scheme lists also the following: the Azoty chemical plant in Pulawy, Wroclaw's Pafawag, the Pokoj steelworks, Agromet of Czarna Bialostocka, Polam-Rzeszow, Stolbud of Gorzow, and the Muza musical instruments manufacturing company in Poznan. These are just examples picked out at random. They include enterprises from a wide spectrum of industries, all generally believed to be profitable. To me this constitutes proof that there is no such thing as a "safe" sector of industry. There are only good and bad managers. Where the managers cannot manage they can sooner or later expect the bank to say: "No."

But our enterprises are now faced with what will probably be an even more difficult period for them: The NBP will no longer hold a monopoly on financing the economic activity of enterprises. This role will be taken over by nine new financial institutions just called into being: the so-called commercial banks. How will the new banks, just starting their activity in the financial market, deal with these economic weaklings? There are two possible courses open to them: They might wish to attract the maximum number of customers at all costs and decide to disregard their poor economic results; or, conversely, they might take a serious view of the risk they would be taking in financing enterprises in danger of collapse and refuse to grant them credit. As commercial banks, they will probably choose the second option.

After all, we want to have a market-oriented economy. Market laws must constitute an objective frame of reference for the economy, and therefore we cannot continue to keep those firms which ought to be going bankrupt on an artificial life-support system made up of concessions, subsidies, or specially devised funds. We must also remember that the bankruptcy of an enterprise does not mean confiscation of its accumulated assets. That enterprise can be bought out, in part or in its entirety. Its workforce can easily find employment in neighboring firms. What is still useful will simply be put to better use. And what is useless will simply remain so.

Messner Meets National Bank Officials

LD1807224688 Warsaw PAP in English 1802 GMT 18 Jul 88

[Text] Warsaw, July 18—Poland's Prime Minister Zbigniew Messner received here today the managerial staff and socio-political activists of the Polish National Bank NBP.

Also present at the meeting were Political Bureau member and secretary of PUWP CC, Wladyslaw Baka - the hitherto president of NBP, and the bank's newly appointed president Zdzislaw Pakula.

Messner emphasized the active role performed by the Polish National Bank in the implementation of general goals of social and economic policy.

Savings Bank Chief Krzak Interviewed

PM1307134988 Szczecin GLOS SZCZECINSKI in Polish 30 Jun 88 p 3

[Interview with Marian Krzak, chairman of the State Savings Bank (PKO), by KAR correspondent Agnieszka Suchecka; date and place not given]

[Text] [Suchecka] Since 16 June this year residents of Warsaw and Katowice have been able to buy and sell U.S. dollar vouchers for Polish zlotys in your institution. This initiative has met with good reception. Some people believe that the whole undertaking is tantamount to a "semi-convertibility" of the Polish zloty. Will this operation, which has boosted the numbers of PEWEX customers, remain restricted to those two cities only?

[Krzak] No. We shall attempt to extend this innovation. We will soon be introducing it at our branches in Opole and Poznan and later in Wroclaw and Kolobrzeg. By the end of this year all the voivodship branches of our bank will have adopted it.

[Suchecka] Perhaps, then, a further step will eventually be made and we will return to the practice of not such a very remote past whereby people who were paid only in Polish zlotys could, on the strength of an appropriate promissory note, buy "hard" dollars from a bank and then travel abroad without having to use the services of illicit dealers in hard currencies....

[Krzak] I am an enthusiastic supporter of such a solution. However, it is not within my competence to make decisions on it. I believe that our present balance of payments precludes such possibility. But I do not rule out the likelihood of an eventual choice we might have to make between importing, say, luxury goods and allowing people to buy hard currencies for their foreign travel—at a correct price, of course.

[Suchecka] You have recently assumed responsibility for the running of the independent PKO Bank. You are very well aware that customers of that institution have very many reservations about its organization. For example, they are sharply critical of the unbelievably lengthy lines in which they have to wait before paying in or withdrawing what is, after all, their own money...

[Krzak] I fully endorse these observations. We regard improvement of customer service as one of our most important tasks. Compared with banks in other countries, the conditions in which our own banking establishments operate are appallingly backward—in fact, I would say primitive. Unfortunately, for many years in the past banking services were, to put it mildly, not treated very well. Nor was money itself treated seriously enough. We have now undertaken to bring about a perceptible improvement in customer service within the next 3 years.

[Suchecka] Three years is a long time.

[Krzak] It was dictated by a realistic appraisal of our situation.

[Suchecka] How, then, does the PKO intend to make life easier for its customers?

[Krzak] In the first place we want to shorten the way to the bank counter and the time needed to complete all operations. Bank branches in large urban complexes are the supreme offenders in that respect. Consequently, we are going to follow an energetic program of expanding our branch network. We want to build free-standing pavilions, or even employ portacabins. This is already being done elsewhere, in countries much richer than Poland. We are already negotiating design and construction contracts with a number of interested firms, and we are only waiting for the relevant authorities to issue their decisions on the building plots where we want to construct these new facilities.

[Suchecka] But additional counter positions are not everything...

[Krzak] No, of course they are not. After all, not even a computer can replace a banking clerk at his post. Incidentally, we have also launched a comprehensive computerization project. For example, we are replacing our obsolete adding machines with minicomputers. This year we are installing them in our Warsaw branches and in 100 regional branches. In the near future we will be planning to launch fully automatized operations and—which is very important—to improve the two-way communications system between the bank's main branch and all its sub-branches.

[Suchecka] So all we have to do is wish you a speedy realization of all your projects—perhaps even before your estimated 3 years. But I have another, fundamental question to ask you, one that is being asked quite often these days: Is it worth saving at the PKO?

[Krzak] It is true that there is much to think about and debate on with regard to this question, not only from the viewpoint of bank customers' interests but also those of the bank itself. I say it is worth saving. And it is up to us to receive our customers' savings, to look after their interests, and also to see to it that we make profits. I believe that this year we shall start making those profits.

[Suchecka] Does this mean that to date you have not been a profitmaking organization?

[Krzak] Until recently the PKO was a part of the NBP [Polish National Bank] which, of course, is a profitmaking organization. Throughout the world, banks like ours hold people's savings, pay them interest on their money, and make their own profits through loans.

[Suchecka] And here in Poland?

[Krzak] Here it is different. Most of the credits granted by the PKO are designated for housing construction. They take up some 75 percent of the bank's holdings. It is public knowledge that the interest on these credits is very low. The bottom interest rate is 1 percent, and the top 3 percent, and these are combined with long repayment periods, even up to 40 years. At the same time the lowest interest rate paid this year by the bank is 21 percent.

[Suchecka] But in any case it costs a fortune to build a house!

[Krzak] That is why I believe that housing construction should be assisted from the state budget. The difference between the the two rates of interest, those for bank loans and for savings accounts, is bridged by funds from that source. In practice this means that the whole population participates in financing housing construction. All these questions, which are by no means simple, need to be discussed in depth and comprehensively. I am in favor of starting such a debate as soon as possible. Before the end of this year it will be necessary to consider the possibility of removing all barriers holding people back from putting more money into savings accounts. After all, an increase in these constitutes not only a major method of recovering economic balance, or, as the term goes, draining money away from the market, but it also means more funds for launching necessary investment projects.

[Suchecka] People must firmly believe that saving with the PKO is to their advantage and that—with the inflation rising—that institution will guarantee not only that their capital does not devalue but also that it will be making more money in the form of interest.

[Krzak] They must not feel that they are losing out. Saving their zlotys must be more advantageous to them than exchanging them for U.S. dollars. I think that the raising of the interest rates at the beginning of this year has removed a certain psychological barrier and made saving accounts more attractive, although not to the extent which people had expected. However, the high interest rates are particular to the present year, in which inflation has been running exceptionally high. It is still uncertain how the price movements will look next year.

[Suchecka] And what is your assessment of the current interest rates? There is a fairly widespread opinion that, for instance, interest on current accounts is too low.

[Krzak] Current account interest rates are low everywhere in the world; in some cases, current accounts bring no interest at all. On the whole I believe that the greatest flaw in our practice is that the differentials between interest on long-term and current account savings are too narrow. The rate of interest on the latter is 21 percent, and with long-term deposit accounts—that is, above 3 years—30 percent. In other words, the difference amounts to just one-third of the highest rate of interest. Elsewhere in the world,—in Austria, for example—the interest on long-term deposit accounts is twice as high as that on current accounts with instant access to the money held in them. We must move in the same direction.

[Suchecka] Do the present interest rates guarantee that the capital deposited retains its value?

[Krzak] Unfortunately, not quite. However, they afford protection for a proportion of the money which, held in the form of ready cash, would have been losing value. That is why, as I have been saying earlier, it is necessary to begin a sensible, integrated campaign to sort these questions out so that both the customers and the banks could profit from saving money, so that credits could be both realistic and profitable, and so that the whole business would not constitute yet another source of inflation. In other words, so that the entire national economy could benefit from it.

Clandestine Union Appeals for Democracy

AU2107141988 Paris AFP in English
1416 GMT 21 Jul 88

[Text] Paris, July 21 (AFP)—Seven representatives of a clandestine Romanian union, Liberty, have asked the Conference on Security and Cooperation in Europe (CSCE) to work for freedom and democracy in Romania, the Romanian Human Rights League announced Thursday.

In a text issued by the Paris office of the Human Rights League, the seven—all former political prisoners—called for free elections, freedom for trade unions, the abolition of existing legislation on salaries, the "freeing of peasants from Communist feudal exploitation," the release of all political prisoners and an end to malnutrition.

The text, addressed to the CSCE conference in Vienna, also called for an end to repression against minorities, the lifting of censorship and the right for every citizen to leave and return to Romania freely.

The signatories said they hoped "representatives of the free world and even some of the Socialist countries" would work towards increasing liberty in Romania.

Investments in 1986-90 Period Enumerated

AU2107093288 Bucharest AGERPRES in English
0900 GMT 21 Jul 88

["Investments in the Eighth Five-Year Period"—AGERPRES headline]

[Text] Bucharest, AGERPRES 21/7/1988—In the current five-year period, 1986-1990, the structure of the Romanian capital construction programme evinces priorities characteristic of intensive development: The expansion of the energy and raw materials base, better organization and modernization of production processes, land improvement and the mechanization of agriculture, higher technological and qualitative standards of products, lower raw materials, energy and fuel consumption, better use of recovered resources, a higher competitiveness in the foreign market.

Investments in the 1986-1990 interval amount to 1,200 billion lei. In the beginning it was estimated to stand at 1,400 billion lei but, as stressed at the national conference of the RCP last December, it was diminished by 200 billion lei by cutting down expenditures. This will not affect the planned number of investment projects. Nearly 900 important production units will be put on stream over this five-year period, and in 1990 the national economy will boast 3,800 billion lei worth of fixed assets. Industry will benefit from 840 billion lei, of which 32 percent are meant for the development of the extractive industry, and the generation of electric and thermal power. Substantial funds are earmarked for the implementation of the 180 programmes for the modernization of technologies and production processes as well as for the improvement of the inter-branch structures in favour of key subbranches.

Agriculture and the food industry benefit from 189 billion lei worth of investments out of the state funds and of the cooperative organizations, without considering those meant for the industrial branches supplying production means for agriculture. Considerable funds are channeled toward equipping agriculture with a wide range of machinery and tractors so as, by the end of the five-year interval, all farm operations be completely mechanized. Of special importance is the implementation of the national land improvement programme. With this as a basis, more than 500 thousand hectares are to be made available for agriculture. In 1990, almost 55 percent of the country's arable area will be irrigated, over two million hectares will be drained, while soil erosion will be controlled on 955 thousand hectares. The attainment of such targets will bring Romania to a top standing in the European and world hierarchy as regards land improvement.

An investment volume worth some 500 billion lei was achieved in the first two years of this five-year period. About 450 new production units were put into operation. Likewise, important housing construction works were completed, new social establishments, hospitals, cultural institutions and other were built. Ample physical planning works were carried out in the country's capital city. The new political and administrative centre, the subway, the improvement of the Dimbovita River are part and parcel of a programme which stipulates the turning of Bucharest into a modern metropolis until 1990.

Since 1965, when the Ninth RCP Congress was held, Romania has allotted about one third of the national income to enlarged reproduction. This enabled the implementation of major investment programmes materialized in a substantial growth of the national wealth. In point of value, it amounts to roughly 5,000 billion lei, of which 3,200 billion lei worth of fixed assets.

Jansa, Tasic, Zavrl Trial Continues in Ljubljana

LD2007224788 Belgrade TANJUG Domestic Service in Serbo-Croatian 1804 GMT 20 Jul 88

[Text] Ljubljana, 20 Jul (TANJUG)—Trial of Ivan Borstner, David Tasic, Franci Zavrl, and Ivan (called Janez) Jansa, who are accused of disclosing military secrets, continued today before the five-man council of the Ljubljana Military Court. The council chairman warned the family members in the interest of the trial who are attending the hearing not to make statements for the public.

Franci Zavrl, executive editor of MLADINA, the only one to have been granted bail, said at the end of today's hearing that the trial was rigged and that he did not admit to any of the charges.

Far fewer people gathered today than yesterday, the first day of the trial. They are standing peacefully and occasionally placing bouquets of flowers at the entrance to the court. The street by the court has been reopened to traffic today, after having been blocked off because numerous motorists were creating so much noise with their horns that the council chairman warned that the trial might have to be continued at another venue because of impossible working conditions.

Zavrl Says Trial 'Fixed'

AU2107072588 Ljubljana Domestic Service in Slovene 1700 GMT 20 Jul 88

[Text] The trial of Jansa, Tasic, Borstner, and Zavrl continued before the Military Court in Roska Street in Ljubljana today. As we have reported, the Supreme Military Court in Belgrade has overruled all the objections by the accused Franci Zavrl. The proceedings were therefore conducted in Serbo-Croatian also today, but the accused (?were allowed to speak) in Slovene.

The president of the bench warned the relatives of the accused that they must not make any statements connected with the proceedings at the trial. According to him, any statement may have a negative influence on the course of the trial.

At the end of the proceedings today, Franci Zavrl stated that this is a fixed trial and that he rejected all the accusations in the indictment.

The trial continues tomorrow.

About 100 people gathered in Roska Street today, and they quietly followed what was going on in the Military Court building. In comparison with yesterday, the people were much more calm and in no case disturbed the course of the trial.

LCY Presidium Analyzes Kosovo Situation

LD2007221588 Zagreb Domestic Service in Serbo-Croatian 1700 GMT 20 Jul 88

[Text] On the basis of reports by the executive-political organs of the LC of Serbia, the LC of Vojvodina, and the LC of Kosovo, and of a debate held at its session on 18 and 19 July, the LCY Central Committee Presidium has endorsed the assessments and positions in connection with the arrival and protest of citizens of Serbian and Montenegrin nationalities from Kosovo in Novi Sad on 9 July this year. In the debate, a comprehensive assessment was made of the reasons for and causes of this event, of its ideopolitical consequences and the response of the public at large, and of the confrontations and divisions which were brought about in this connection, all of which are having an unfavorable impact on the already complex sociopolitical conditions in the country.

The LCY Central Committee Presidium thinks that the main causes of protests by Serbs and Montenegrins from Kosovo lie primarily in the major difficulties that have not been overcome, affecting their life and security. These problems, which are the most difficult for the entire Yugoslav community, should be dealt with much more quickly, ensuring, on the principled bases of our national policy of brotherhood and unity, peace and a worthy life in equality and cooperation for all citizens of Kosovo, which is their shared aspiration, historical need, and prospect. The LCY established principled positions on the Kosovo platform in the resolution of the 13th Congress and in the conclusions of the 13th LCY Central committee session, while at its next session the Central Committee will hold a detailed discussion on the way these positions are being realized and implemented. In this connection, it will also discuss the most topical tasks and obligations at this juncture.

Recently the realization of the conclusions of the ninth LCY Central Committee session was also discussed by the Serbian LC Central Committee, the Kosovo LC Provincial Committee, and by the leaderships in other socialist republics and in the socialist Autonomous Province of Vojvodina, as well as by the SAWPY Federal Conference Presidium. There is a firm readiness to ensure that through resolute political, economic, and all other appropriate measures of the system's institutions, the causes of the difficult situation will be eliminated, as well as the causes of the undermined intranational relations, the increasingly great national divisions, and manifestations of harassment and deprivation of the rights of Serbs and Montenegrins in Kosovo. There is also a readiness to ensure the comprehensive implementation of the endorsed policy, as a common obligation of the entire Yugoslav community, of all organized socialist forces, and, in particular, of all the LCY organs and organizations. A year after implementing the conclusions of the ninth LCY Central Committee session on Kosovo, specific results were achieved which confirms that problems can be dealt with and the situation changed more quickly.

The Presidium points out that of key significance for stabilizing the situation in Kosovo is the restoration of inatranational trust, accompanied by efficient measures to establish personal security, and the security and eqauality of all citizens of Kosovo. The consistent and efficient implementation of the tasks arising from the Yugoslav program of measures and activities to halt the emigration of Serbs and Montenegrins from Kosovo, the speedier return of those who have left, and the arrival of all those who wish to live and work in Kosovo is of key significance. It is necessary to ensure the consistent and united activity of all people, their responsibility and trust to promote this goal, and to eliminate all manifestations of biased assessments and pressures, opportunism and bureaucratic indifference. The communists of Kosovo and the Kosovo LC Provincial Committee bear special responsibility for this.

The LCY Central Committee Presidium assesses that the majority of citizens who went to Novi Sad were justified in their demand for the speedier handling of the vital problems of Kosovo and for the protection of freedoms and rights, primarily of Serbs and Montenegrins. However, there were also other motives in the organization of the march and in the way the protest was expressed, which essentially have nothing to do with the difficult position of Serbian and Montenegrin people in Kosovo nor with their difficulties, caused by counterrevolutionary pressures from Albanian nationalism and separatism which have been going on for much too long. This became prominent in the choice of place and manner of protest, in some unacceptable slogans and statements, in attempts by well-known nationalists to give to the gathering extreme tones, in the forced raising of the problems connected with constitutional changes, in denials of the nature of autonomy, and in the accusations of separatism and excessive autonomy directed against the leadership of the Socialist Autonomous Province [SAP] of Vojvodina. The intention of extreme individuals and groups to impose political pressures on this gathering and stimulate tension in political relations in the Socialist Republic of Serbia was obvious. This could have unfavorable consequences on the otherwise stable intranational relations in the SAP of Vojvodina.

The LCY Central Committee Presidium therefore assesses as harmful the flippant reactions, expressions of support in the manner of soccer fans, and exaggerations of some relevant aspects of the event, because in this way the full complexity of the event is neglected at the expense of only some of its aspects. All this leads to divisions and conflicts and provokes passions which are then rekindled through individual public information media. This is fraught with unforeseeable consequences.

It must be clear that through undemocratic pressures and demonstrations in any part of our country and for any reasons, accumulated and sensitive social problems cannot be dealt with. This is also true for the problems in Kosovo and those connected with constitutional changes.

Such activities hamper the efforts by organized social forces to ensure an efficient functioning of the system's institutions, to advance socialist democracy and enhance responsibility, to resolve problems in the areas where they arise, and to carry out necessary reforms in the economic and political system as a prerequisite for general social, economic, and political stability, and the efficiency and development of society as a whole.

The LCY Central Committee stresses the need for the LC organs in Serbia, Vojvodina, and Kosovo, as well as for the public information media to take into consideration all the aspects of events, their complex objectives and effects, and to ensure that these events are assessed in a principled way and as a whole so that, in line with the stands of the Serbian LC Central Committee adopted at its last session, consistent efforts are made to differentiate clearly between justified demands and protests on the one hand and nationalist manipulations and deceptions on the other. Unless these developments are noticed and analyzed promptly and correctly, and unless there is a concrete and efficient struggle against separatism, unitarism, and bureaucratic etatism, there is a possibility of greater confusion and concern and even difficulties in the work on constitutional changes, on tackling the situation in Kosovo, and on other important tasks in accordance with resolutions of the 13th LCY Conference and other stands and conclusions of the LCY Central Committee, the Serbian LC Central Committee, and the provincial LC leaderships.

The presidium stresses that on the eve of, during, and especially after the events in Novi Sad, there occurred unprincipled confrontations in public, hasty and basically damaging statements by individuals from the leaderships, denouncements, labeling, disrespect for arguments, and unacceptable attempts at personal and political discreditation. This indicates that the leaderships' attitude toward the emerging events and ensuing reaction by the public was not sufficiently responsible or politically sound. Instead of acting in an involved manner, explaining and overcoming the existing situation, the leaderships exacerbated the differences and fomented conflicts by blaming each other for what happened and by putting forward one-sided views of the real causes, scale, and effects of the events.

Such a practice in the method of work of the LC organs is not acceptable. The LCY Central Committee Presidium's view that political action should be used to prevent the journey to Novi Sad as a form of political pressure was not implemented in full. The Presidium also noted that neither the organs and organizations of the Serbian LC nor the Vojvodina LC observed in full its warnings and suggestions on how to discuss and assess the event. The belated publication of part of the debate at the closed session of the Vojvodina LC Provincial Committee only served to further exacerbate the situation. Numerous meetings and protests that followed the publication served further to politicize relations.

All this has done great political damage and has had a negative effect on intranational relations, relations between the political leaderships and the institutions of the system, and the overall situation and political mood in both the SR of Serbia and the entire country. The LCY Central Committee Presidium therefore insists that such unacceptable methods should end immediately and be eliminated from political pracrtice, and that through comradely and principled behavior and in an atmosphere of criticism and self- criticism and by proceeding from these stands, disagreements and differences between the presidium of the Serbian LC Central committee, the Provincial Committee of Vojvodina LC, and the Provincial Committee of Kosovo LC be resolved and their unity and responsible and increased involvement ensured in removing the causes, motives, and effects of this and similar cases and situations. In line with the LCY Central Committee stands on the topical issues of implementing relations, on which the unity and togetherness in the SR of Serbia are based, those organs and, above all, the Serbian LC Central Committee as the Serbian LC's top organ, have the duty to thoroughly, democratically, and promptly discuss and resolve controversial issues within the Serbian LC itself and in accordance with the principles of democratic centralism.

The Presidium insists that the overall activity must be aimed at ending protest meetings and various rallies of support for one's "own" leaderships, polemics, and denounciations, and at directing the public information media toward objective information and a responsible editorial policy. These tasks stem from the statutory norms and from the responsibility these organs have to the LCY and to the Yugoslav public. Nor is it acceptable to speak about individual LC leaderships and individuals in an offensive and unfounded manner without having to account for it.

Members of the LC and its organs are responsible for their public statements—not just to the bodies they represent, their members and organizations, but to the LCY as a whole. By its concerted action, the LC must oppose attempts at creating confusion and divisions in the public, some kind of propaganda war, attempts at either national or territorial homogenization, rallying on a national basis, and presssures in the form of demonstrations. The LC must do this by initiating democratic and principled resolutions to outstanding problems; by public, sensible, and responsible action; and by rejecting the platforms promoted by the forces and individuals inspired by nationalist and antisocialist goals.

In addition to a debate in the LC organs, carried out in response to the conclusions of the LCY Central Committee Presidium, the events in Novi Sad were also discussed by other LC organs and at meetings in work organizations and sociopolitical organizations. The public was informed about these by the public information media. Differing assessments, approaches, opposing stands and arguments, and bias and differentiation came to the forefront, thus providing scope for trepidation and concern, fomenting nationalist and other passions, and inducing such methods in our political life which, if allowed to gain ground, would lead to dangerous confrontations among people, organizations and institutions, to various kinds of pressures, and eventually to unrest.

The great importance was reiterated at the LC Central Committee Presidium's session of the coming constitutional changes for the situation in and further development of Yugoslavia, for the emergence from the economic and political crisis and for vital economic and other reforms, and, in that context, for the necessary appropriate changes in the Constitution of the SR of Serbia. Efforts must be made to ensure that all these changes are carried our in a democratic and constructive atmosphere in line with the platform of the SAWPY, without any pressures and tensions. As set out by the LCY operative program and the standpoints of the LCY conference, the Presidium of the LCY Central Committee will, in the course of its work on formulating the draft amendments to the SFRY Constitution, monitor the work on harmonizing and adopting standpoints in the assemblies of the socialist republics and autonomous provinces, and, if required, will assume a direct, ideopolitical attitude.

In line with the struggle for the unity of all socialist self-managing forces and with the resolutions of the 13th LCY Congress on realizing and consolidating the relations of unity and togetherness in Serbia, the Presidium, aware of the complex and important nature of this issue, will monitor and, if requried, join in the efforts to resolve open issues and problems arising in the work on making necessary changes in the Constitution of the SR of Serbia and of the SAP's. The Presidium will insist on the accountability of everybody in Serbia, in the SAP's and in the SFRY, and especially of the republican and provincial organs for carrying out this task, since the fulfillment of unity and togetherness in Serbia is of vital importance—not just for Serbia and the provinces, but also for the implementaion of the constitutional concept of Yugoslav federation, for the unity of the LCY, and for the stability of the entire country.

In light of the views adopted at the LCY conference, there is a need for concerted efforts to harmonize stands and overcome the continued differences over the issue of the constitutional regulation of the unity and togetherness in the SR of Serbia contained in the proposal to embark on the constitutional changes in the SR of Serbia, including the provisions concerning those functions which Serbia is supposed to carry out as a state and a self-managing community on its entire territory. This would help to create conditions conducive to the successful execution of the changes already under way in the Constitution of the SR of Serbia and those of the SAP's. It is of vital importance that these issues should be considered without any delay, with joint efforts, and with everybody's full responsibility for arriving at harmonized solutions within the constitutional changes.

This is a priority task facing the LC organs and organizations, primarily of the Serbian LC Central Committee, the Provincial Committee of the Kosovo LC and the Provincial Committee of the Vojvodina LC and their presidia, as well as of communists in the organs responsible for making decisions on these issues.

Brotherhood and unity, as great achievements and essential values of the continuity of our policy, built and developed in the national liberation struggle and during the period when Tito was head of our revolution, our country, our nations and nationalities, and of the LCY, are today being threatened in various ways and questioned by bickerings and lamentations about one nation being threatened by the other, and so on. By developing it even further, the LCY must defend this verified policy against all attacks and deceptions while at the same time overcome negative social processes and their effects on intranational relations; it must, under the present circumstances, develop firm links between coexistence, progress, and cultural transformations along the lines of the ongoing reforms and through further developing and enhancing socialist self-management.

The obvious differences in the intepretation of the events in Novi Sad were widely reported by a section of the public information media which accompanied them with untrue information and euphoric, one-sided commentaries, thus giving these events new and dramatic proportions while maintaining that it was unreservedly backing their "own" leaderships and their stands and views. In such cases, the public information media neglect responsible and objective reporting and divert the public's attention to incidents and provocative situations. In this way, sections of the media, mustering around their "own" leadership in the struggle against other leaderships, hamper instead of help the principled and active struggle for the unity of the Serbian and Yugoslav LC's and for general social mobilization on fulfilling main social tasks, including the resolution of the Kosovo problem and ending the migration of Serbs and Montenegrins.

The basic LC organizations in the media and the LC leaderships have to carry out a critical analysis of the activity of the public information media regarding the arrival of the Kosovo citizens in Novi Sad, and assess this activity before, during, and after the event from the point of view of their overall social role. Responsibility should also be established for the mistakes, and wide-ranging tasks of the media's future work should be formulated in light of their great importance in forming everyday public opinion and in the struggle for implementing declared policy. In assessing and fulfilling their tasks and responsibilities, the media are expected to proceed from the common and clear departure points outlined by the LCY conference and the action conference of communist journalists.

Our country's working class and masses, regardless of their national affiliations, strongly favor Yugoslavia's unity and the prosperity of each of its constitutent parts and of Yugoslavia as a whole. They call for united and revolutionary activity by the LCY as society's leading force, and for its enhanced responsibility and initiative at the present complex period in our development. They also favor free affirmation on an equal footing and comprehensive development of all our nations and nationalities. They call for the promotion of work and creativity, and for accountability at all levels of public work and economic life, with particular emphasis on more unity and responsibility in the LC leaderships. Not a single leadership or individual should remain oblivious of this, especially not the LCY Central Committee Presidium. With this in view, specific measures of responsibility should be established for work and mistakes in all LCY organs.

At the session, the LCY Central Committee Presidium, in a gesture of self-criticism established that, in accordance with its role and responsibilities, the importance of the issue, and its unfavorable development and consequences, it should have acted even more energetically, taken the initiative, and thereby had an even more effective impact on preventing a negative politicization of events and their principled assessment and development.

In view of the harmful implications of the events in Novi Sad, the LCY Central Committee Presidium in particular stresses the necessity for the organs of the Serbian LC Central Committee Presidium and the Kosovo LC Provincial Committee, through political action, to prevent new announced gatherings and departures to other environments as a form of unacceptable pressure and exacerbation of the already complex situation, and to make resolute efforts for a more efficient handling of the problems in Kosovo.

The LCY Central Committee Presidium stresses the crucial importance of the widest possible mobilization and united activity of its membership and LC organs and organizations in relation to the main social problems and tasks—the preparation and realization of the socioeconomic reform, changes in the political system, and strengthening of unity, responsibility, and democratic relations in the SFRY. A broad socialist front should be created and strengthened on this basis. Results should be achieved, and thereby stable prerequisites for a way out of the crisis as well as a more dynamic development of the country, which would be positively reflected in its internal stability and international position and role, should be ensured. Here it is necessary to overcome more quickly certain problems caused by everyday life and eliminate their causes and consequences through activity, unity, and high responsibility of all organs and organizations of the LC and their activity in the Socialist Alliance and the institutions of the political system of socialist self-management, where it is necessary to develop the widest activity in dealing with the problems of working people and citizens.

The Presidium will inform the LCY Central Committee about these assessments and standpoints, as well as about the activities connected with them, at its next session, it is said in the assessments and stands of the LCY Central Committee Presidium.

At the same time it was noted that the LC leaderships in the provinces must approach these and similar issues in a sensible and responsible manner. During the events in Novi Sad, in addition to dissociating oneself from nationalists and their provocations, much more should have been done in an organized way; there should have been an open and principled dialogue with dissatisfied citizens. The rejection of the dialogue with all Kosovo citizens who gathered in Novi Sad and the Vojvodina Novi Sad leadership's insistence on talking only to a delegation, was not a politically sensible or responsible move.

Socialist self-managing democracy implies the need for the leaderships and leaders, in all situations, to communicate openly and directly with the people and to heed their demands and proposals. To avoid this provides scope for the intrusion and activity of various antisocialist [words indistinct]. There was no justification for cutting off the electrical supply during a protest meeting of the Serbs and Montenegrins from Kosovo in Novi Sad. On this occasion, the political factors ignored, albeit for a brief period, the causes which prompted the citizens to express their justified dissatisfaction, while on the other hand attempts by individuals and groups to abuse the presence of the Serbs and Montenegrins from Kosovo for their political aim were wrongly underestimated.

Issues Statement

LD2007173488 Belgrade TANJUG in English 1555 GMT 20 Jul 88

[Text] Belgrade, July 20 (TANJUG)—Re-establishing and strengthening inter-national confidence, together with more efficacious measures for personal safety, security and equality of all citizens in the autonomous Province of Kosovo, are of decisive importance for stabilizing the situation in the province, Yugoslavia's top party leadership said in a statement from a special two-day session which opened on monday.

The session was convened to review the July 9 arrival of Serbs and Montenegrins from Kosovo in Novi Sad, the capital of the Northern Autonomous Province of Vojvodina.

The Kosovo Serbs and Montenegrins demanded that the Vojvodina leadership accept the proposed amendments to the Constitution of the Republic of Serbia, within which the two provinces have an autonomous status. The Kosovo Serbs and Montenegrins see the amendments, which are aimed at extending Serbia's jurisdiction over the entire territory of the republic, as the sole way to resolving their grave position in the province. For years they have been forced to leave their homes under pressure from Albanian separatists, who see the process of creating an "ethnically pure" Kosovo as the way towards its seceding from Yugoslavia and annexing to neighbouring Albania.

Since the republic bodies have practically no jurisdiction across the provincial borders, Serbia can do little to help them.

The leadership of Vojvodina, however, does not show readiness to accept changes in the Republican Constitution, fearing that they would restrict the presently broad autonomy of the province.

Noting that protest gatherings of the Serbs and Montenegrins from Kosovo are mainly prokoved by the still unresolved problems regarding their status, life and security, the League of Communists of Yugoslavia (LCY) Central Committee Presidency said that the citizens who came to Novi Sad were right to demand a faster resolving of these problems and the protection of their freedoms and rights.

Extremist individuals and groups, however, tried to use the protest for their own aims, i.e. exertion of political pressures and aggravation of tensions in political relations in Serbia, the LCY CC Presidency statement said.

Pointing to the need for "distinguishing justified demands and protests from nationalist manipulation and deceit," the LCY CC Presidency said that the Vojvodina officials' refusal to meet the citizens who came to Novi Sad from Kosovo and their insistence on meeting only their delegation "was not a politically thought-out and responsible move."

The fact that the event in Novi Said was followed by harmful confrontations and mutual accusations among some republican and provincial party officials was seen by the Presidency as a proof that the leadership did not take a responsible and politically deliberated attitude towards these events.

The Party Presidency demands that these unacceptable methods, "which caused great political damage and had a negative effect on inter-national relations, relations between the political leaderships and institutions of the system, and the overall situation and the political climate in Serbia and Yugoslavia," be immediately eliminated from the political practice, i.e. that they be replaced by democratic settlement of disputed issues.

The Presidency again stressed the major significance of the upcoming changes in the Constitution for Yugoslavia's further development and overcoming the current social, economic, and political crisis. Noting that in this

framework corresponding changes in Serbia's Constitution are also necessary, the party leadership called on the republic and the provinces to surmount the differences in a democratic and constructive atmosphere, without pressure and tensions.

According to the Presidency, unity in Serbia is not only of chief importance for the republic and its provinces, but also for the implementation of the constitutional concept of the Yugoslav federation, unity in the Yugoslav party, and stability in the entire country.

Agreement Reached on Consolidation of Debts

LD2007113688 Belgrade TANJUG in English 1020 GMT 20 Jul 88

[Text] New York, July 20 (TANJUG)—After several days of talks between a Yugoslav financial delegation and representatives of the international committee of commericial banks, agreement has been reached here on how to carry out a long-term program for "consolidating Yugoslavia's foreign indebtedness."

The Yugoslav delegation was led by Boris Skapin, assistant federal finance secretary, and Boris Konte, vice-governor of the National Bank of Yugoslavia.

The first contract is to regulate rescheduling about seven billion dollars owed by Yugoslav enterprises, commerical banks, and the National Bank of Yugoslavia to foreign commercial banks. The second contract is to regulate the so-called deposit and trade easy-payment terms by which Yugoslavia makes sure to be approved 300 million dollars in new credits.

Terms in both contracts are evaluated as favourable in international financial circles.

Both sides assess that some 450 banks throughout the world, represented as Yugoslavia's creditors on the international coordinating committee, will accept the offered formula in a matter of several weeks. This would make possible to also sign a finally verified program for rescheduling and drawing on new credits. This would take place as early as in September.

After long-lasting negotiations, this arrangement is practically entering a final phase in the realization of the overall and long-term program for consolidating Yugoslavia's foreign debts. Involved is an arrangement with the biggest group of foreign creditors to which Yugoslavia owes more than one-third of its all-in credits abroad.

The other two groups of creditors are, first, the international Monetary Fund (IMF) with which a financial arrangement has been agreed on and is being carried out as from last month and, then, the governments of 16 Western countries with whose representatives this month signed were coordinated minutes setting a framework for rescheduling with official creditors and laying grounds for bilateral agreements with the same group of countries.

Also in New York, the Yugoslav delegation met with leading officials of several big banks with whom the problem of Yugoslavia's indebtedness should be solved, first of all by converting debts into securities, joint investments, commodity deliveries, or services.

Mikulic Comments on Economic Issues

LD1507111688 Belgrade TANJUG Domestic Service in Serbo-Croatian 1006 GMT 14 Jul 88

[Text] Sarajevo, 14 Jul (TANJUG)—The adoption of the systemic laws and, by implication, the implementation of the economic reform will have to be postponed if we fail to adopt the constitutional amendments which are instrumental in carrying out the reform the way we planned it. I said in the SFRY Assembly on 14 May, and still maintain, that in that case the Federal Executive Council cannot be expected to bear the responsibility for the consequences. I personally think that we should all make efforts to ensure that the amendments are adopted in their entirety in the proposed form, Branko Mikulic, president of the Federal Executive Council, stressed during his conversation with journalists from Sarajevo radio and television to be broadcast in this evening's edition of In Black and White.

Asked how the work on the constitutional changes is likely to proceed and to what extent it will be possible to translate into genuine constitutional changes all that the reformers of the economic system have proposed, the president of the Federal Executive Council stressed that all the amendments should be adopted in their entirety and that his proposal in a speech he made in the SFRY Assembly was misinterpreted to mean that he asked for the adoption of only those amendments on which the reform of the economic system depends. In fact, I insisted that all the amendments should be adopted, and if this was not possible to give priority to all—and I emphasized this three-letter word "all"—the amendments on which the economic reform depends.

These also include those amendments contained in the section of the proposed changes to the SFRY Constitution which refers to relations within the federation, since this section provides for the amendments in the credit and monetary system, the banking and tax system, etc. These, of course, are crucial for reforming the economic system. These also contain the key points of our economic reform. The public has the impression that I only spoke about the section on the socioeconomic system.

So, efforts must be made to ensure that all the amendments are adopted. I have no illusions about the difficulties involved but some of the issues still need to be discussed.

Regarding the tax system, I think we need to establish whether the common tax system that we have proposed will entail centralization or not. I think that in no way is this an attempt at centralization. What we are doing is bringing about a common system of taxation in Yugoslavia. This does not imply that, under this single system of taxation, all revenue would go to the federation which will then distribute it. That is not the case. Tax will continue to be collected by the republics, provinces, and communes but in accordance with the common tax system to be observed by all. From the tax collected, the federation will ask for funds to finance its functions. We have to sit down and consider some of the issues in order to remove suspicion and resistance and the claims about centralism and centralist orientation.

What are the FEC's estimates of the number of people who will be laid off as a result of the reform? It seems that the trade union organizations have made their own projections. To what extent do they coincide with yours?

Branko Mikulic: I heard rumors that a great number of workers will have to be laid off. These have partly resulted from discussion among economists about the technological labor surplus in Yugoslavia's economy. On the basis of certain analyses, some individuals and institutions have come to this conclusion which is not far from the truth. However, I am not in a position to say if the estimate of about 1.5 to 2 million people in the Yugoslav economy who—in the conditions of proper organization and introduction of market-based economic activity—would, in some way, become a technological surplus, is accurate. This does not mean that anyone would dream of leaving these people without a job, but we have to start a process of restructuring in the economy to open up other types of jobs for this technological surplus. Well, it is said that this year alone, 500,000 jobs will be threatened. Here I have a report by the Social Accounting Service. On 31 May this year, bankruptcy procedures were begun in 41 basic Organaizations of Associated Labor [OAL] with 6,828 employees. How was the figure of 500,000 arrived at? That I do not know! The overall uncovered losses were confirmed on 31 May in 653 organizations with 153,554 employees. So, if all 653 basic OALS were to be shut down, that would be the number of jobs threatened. However, we all know that this will not happen because efforts will be make to find ways for the finanacial consolidation and recovery of all those organizations with prospects for adapting to the criteria of market-oriented economic activity.

Have we, in your view, reached the peak of the crisis? When will the government be in a position to say that a positive turnabout has been made in economic trends in Yugoslavia?

Mikulic: It is hard to say whether we have reached the peak or not. However, as I said on the radio a little while ago, some positive processes have been started.

I can say that our exports have been relatively good. In the first 6 months, to 30 June, we recorded a positive trade balance with the convertible currency area. I think the overall balance is $63 million in the red. I will remind you that we planned this year's trade balance to be $2.25 billion in the red. That is one of the positive results.

Secondly, the foreign currency market has been functioning very well—even better than we, who were involved in the preparation of this particular model, hoped.

Thirdly, foreign currency earnings from tourism have so far been relatively good despite some alarming reports from certain parts of the country.

In June there was a halt in the negative tendencies evident in the preceding 4 months, in industrial production. It is hard to say whether this is an indication of a turnabout in the negative trend. However, there are indications that a revival in industrial production is possible. The greatest problems are in Slovenia and Croatia. In Slovenia, industrial production has falled by 5 percent, in Croatia by 3 percent. If the situation is to improve in these republics, and in the light of their share in industrial production in Yugoslavia, the overall situation would be considerably affected.

In the second half of this year we also expect a revival in investment activity for two reasons. First, we will be able to use a part of the revenue which last year was used for repaying the debts (this amounts to about $2 billion). In order to avoid the same mistake made in the seventies when these funds were used to finacne consumption, we shall shortly send to the SFRY Assembly a draft of a very brief law preventing these funds from being used to finance spending. Instead they will be deposited with commercial banks to be used to finance expanded reproduction and modernization, and also to repay debts which mature in the coming period. They will not just be squandered so that when we have to make another repayment we do not know what to do. Secondly, we have secured funds for the next section of the brotherhood and unity motorway and for yet another road under the Ossimo accord. These are considerable projects which this year can secure us $200-300 million worth of credits from the World Bank and the European Investment Bank. So, we have a revival in constructi on activity ahead of us.

All this will help production pick up. We must persevere on this program. We must not panic because of social tensions or strikes. We must discuss things, search for solutions to the problems, but we must not allow corrections in the measures already adopted which would affect their very nature. If we abandon the measures we adopted in May, we would, objectively speaking, jeopardize the economic reform.

Comrade prime minister, a great deal is also being said about the liberalization of prices and imports, and very little about the resistance to this process, which is one of the the essential elements of the market economy. What sort of resistance is this? Is it possible to achieve the target inflation rate?

Mikulic: There is no resistance to the liberalization of prices. There is resistance to the liberalization of imports. Our economy has been accustomed to development within the conditions of the closed Yugoslav market, yet under influences from the world market, and everybody would like to manage in this domestic market without any competition. This is why there is resistance to the liberalization of imports, and we are hearing comments on this.

However, we shall resolutely insist on the principle that in places where a liberalization of prices has been carried out, there should also be a liberalization of imports.

Of the target inflation rate, up to June we have already used up around 58 percent. I think we should make serious efforts and mobilize the awareness of people in the direction of a struggle to achieve the target inflation rate. If we do not achieve this, if we go over this, the consequences will be increasingly difficult as the excess over the target rate gets higher. This is because the three nominal indicators—that is, personal incomes, public, i.e. general and joint expenditure, and credit and monetary policy—remain at the level of the target inflation rate. They cannot be corrected if inflation is higher, apart from personal incomes if it happens that there is a real fall in personal incomes of more than 20 percent. Only here is there a possibility for correction. Everything else stays at the same level. This means that we are entering a very complex situation. There is insufficient awareness of this, in my view, and I have a feeling that people think the federal organs, the Federal Executive Council, should ensure the target inflation rate.

I believe that the struggle for the achievement of the target inflation rate is one of the main points in the struggle to implement the May measures. I would not like to make a forecast, because I stick to the view that we should struggle for this aim. Objectively, we shall have yet another price rise in July, yet another inflation wave, for several reasons. Those who were under the regime necessitating a preliminary announcement about price changes within the period of 30 days—the regime whose validity expires in July—will appear. Then, there will be price rises to eliminate disparities in the second stage, that is the application of common elements, as well as to establish protective prices for agricultural products for 1988. These are the causes which will influence price increases in July, and we have taken them into account. We know of both the first and second wave. However, after this we expect a stabilization of prices since domestic demand will undoubtedly decrease and only those who orientate themselves toward exports will prosper. This means that they should seek other markets if they are competitive, if they offer appropriate production, and if they lower the prices of their products for the domestic market.

It seems that there are real economic reasons behind the resistance to the economic reforms. The Institute for Economic Research in Ljubljana believes, on the basis of a particular research, that the main obstacles to and delays in changes in the economic system are caused by 2,000 to 3,000 people, professional politicians who hold quite responsible offices in the economy and in politics, from the level of municipalities to republics. This is where the main obstacles to economic reforms lie. They are not ready to come to grips with the market and economic laws. What is your comment?

Mikulic: Firstly, regarding the resistance as defined by the Institute for Economic Research, I have not read this study so I cannot comment on it. However, there will be resistance, of course, among politicians as well, among business people, and we see that this can also come from workers who, undoubtedly, have the highest interest in the implementation of the economic reform. It promises a better future for them. There will be such resistance among economists as well. You have seen in discussions which are being held in public that there are also varied approaches and concepts among economists. Some are in favor of a statist concept of development, others favor the laissez faire economy, which today does not exist in the world. I am afraid that the number of those who for ideological and other doctinary reasons offer resistance to the reform would not decline to 2,000 to 3,000 and that this number will be considerably higher. In my view, we should expect this.

However, there is a great deal of importance in the number of those who do not favor the reform and who are cadres holding office from which they can exert an influence and delay this process. This is certainly very important. It is interesting, for example, that in all the debates we have held so far, at the LCY conference, in the LCY Central Committee Presidium, in the SFRY Presidency, in the Socialist Alliance, in the assembly, and in the republics and provinces we have not come across resistance to the point of departure of the reform of the economic system. This does not mean that there will not be any when we reach the implementation stage.

In Yugoslavia, 37.9 percent of the value of industrial production remains under direct price controls. In the republics and provinces things looks like this: In Bosnia and Hercegovina it is 50.6 percent; in Montenegro 51.2 percent; in Croatia 38.2 percent; in Macedonia 51.5 percent; in Slovenia 25 percent; in Serbia proper 33.6 percent; in Kosovo 45.6 percent, and in Vojvodina 45 percent.

If we look at the behavior of certain parts of the country toward the demand for a liberalization of prices and at the ideological positions and stands of particular regions

and social groups from these regions, it is logical that those from the economically underdeveloped parts of the country will favor a higher degree of liberalization of prices in primary sectors of the economy, in raw materials sectors of the economy, and in power engineering, which are dominant in their economic structure and were and remain, to a significant extent, under direct price control. Therefore, there is no need to divide Yugoslavia, in my view, into a more progressive and a more conservative section, depending on one's attitude to the reform. In all parts of the country there are organizations which are very progressive and those which are conservative, weak. In all parts of the country there are and there will be organizations which pull forward, and those which drag back or demand that nothing be changed. Ideological differences will form according to this.

The office of the president of the Federal Executive Council is traditionally under the fiercest criticism. How do you accept this fact?

Mikulic: I accept criticism very well, real criticism which points out shortcomings, failures, and omissions in measures. I accept this very well. However, for the other thing, which is not criticism but something tendentious, which slings mud, insults, humilates, and is destructive, I have developed a defense mechanism and I do not even read it. My assistants know this. Every day they bring me something that I should read, and then they tell me that this is so and so, and I reject it and do not read it. Otherwise, if I were to read all of this, the question is how my nervous system would endure it. There are many insults and slanders. Since we are talking about this, I refer to a section of the information media, to a small number of journalists who often under various influences of factors outside your structures—as it is fashionable to put it—engage in what, in my view, are actions unworthy of them.

To what extent have credits taken in recent years really rejuvenated production; or have they been wrongly directed?

Mikulic: Let me answer the first part of the question: have they been rationally used? They have been used rationally, these credits that we took as a support for measures which we adopted in May. All of this goes to foreign exchange markets and is used according to criteria of that market and nothing can go for expenditure which is not in accordance with the balance of payments. There is no danger of the kind we fell into in the seventies, in particular when we used to take big credits which we put into expenditure after the first of the month, and then in particular after the first oil shock. Then, objectively speaking, we squandered huge funds. They were used partly for expenditure, partly for failed investments.

As far as our foreign debt is concerned, I have a feeling that because of tactless statements and incomplete information given to the public, we are scaring people with this debt of ours. I shall tell you frankly, I am much more afraid of our internal debts than these foreign ones, because for these internal debts we have no one with whom to agree about rescheduling. We shall have to pay the price ourselves, and these debts are not smaller than the foreign ones.

When it comes to the scale of our external debt, I will quote the information I have here which was not obtained from our sources but from New York's Morgan Trust Bank, whose analysis shows Yugoslavia's position in Europe, not in the world. This was not done for us, but we have drawn conclusions for our own purposes. Yugoslavia is the 10th country, according to the size of its debt, out of 25 European countries. It comes 12th according to its debt in relation to national income, and 8th in relation to foreign exchange income from exports of commodities and services. Before us are, for instance, Denmark (with a 64.5 billion debt), Belgium (45.6 billion debt), and our debt (calculated on 31 December 1987) amounts to 19.4 billion [units not specified].

But how can our misfortune and their advantage be seen? They have a well distributed debt, directed toward production purposes and not consumption and failed investments. If our debt were so well distributed I would not worry even if it were twice as high. And one more thing, we have released information on how we used our funds for the repayment of our debt. The latest comparisons, that is an analysis carried out in the national bank, show that on 31 March this year our nominal debt stood at the level of 31 December 1985 (due to intercurrency relations and the fall in the dollar's value). When the face value of the dollar went down (and it is a major element in the structure of our loans, while we monitor our total debt in U.S. dollars) this level remained the same from the point of view of face value.

However, if we measure or express this excluding these intercurrency changes and express it in so-called special withdrawal rights, we reduced our debt as of 31 March 1988 in relation to 31 December 1985 by $3.369 billion; that is by 20.3 percent. Expressed or measured in gold, our debt was reduced by 481 tonnes of gold in this period. Imagine a train comprising 48 carriages and in each carriage 10 tonnes of gold for which we paid in a period of 27 months! During these 27 months, we had to take various measures in the country to keep the situation under control, including the administrative and even unpopular measures for which we were criticized and so on, while this situation was not taken into account.

I stress once again what I said at the beginning—I am more concerned about our internal than our external debts. If converted into dollars, their face value is about

$19 billion, that is, the same as the external debt. But here we cannot propose rescheduling to anyone. We must pay this amount ourselves!

One more thing about our external debt. It is commonly considered that we rescheduled all of our $19 billion of debt. In fact, we rescheduled only $8 billion—$7 billion with commerical banks and $950 million with governments. In this way we obatained about $2 billion in concessions in the repayment of the principal, which is very important for us. The remaining $11 billion are not subject to rescheduling. True, we keep negotiating with governments and, conditions permitting, we may reschedule a further $3 billion, that is about $2.6 billion, but in the 3-year period we managed to reschedule $8 billion.

When you spoke about the structure of our debts you mentioned failed investments and, clearly, all forms of political voluntarism which have led to these failed investments. Do you think that at this moment we have overcome the danger from political voluntarism, and how?

Mikulic: No, at the moment we have not, but we will do so by reforming the economic system, that is, we will exclude the possibility of such influences. This is one of the reasons why we should reform both the political and the economic system. Conditions for such influences should be undercut so that this becomes impossible. Conditions should be created so that everything is paid for and responsibility is borne for every decision both personal and material. Without this, the influence of a political factor is possible. Here I particularly refer to changes in banking and in the credit system. We must develop banks as independent economic subjects bearing all consequences for their every decision. Once this is done, there can be no influence on banks to do this or that. It must bear the consequences—both the bank and its founders. Until this is done there can be no question of eliminating these influences. This, I think, is the essence and one of the essential demands of the reform, the complete reform of the economic system. This is, in fact, a case of putting the entire Yugoslav economic system back on its feet, on sound feet, with the orientation toward market economy and all its consequences. This means that everyone enjoys the positive results of his every decision and bears the financial consequences for every wrong decision.

Do the reforms of the economic and political systems presuppose, as an essential prerequisite, some reforms within the LC from the point of view of its organization, and not only an awareness and the doctrinal elements that we have already discussed?

Mikulic: The key issue, in my opinion, will be that the LC should become detached as soon as possible from power and management structures and turn toward the working class. However, we have been talking about this for a long time. Even before the ninth congress we started talking about reforming the LC in this direction, but it seems that power and management structures were very attractive and the party could not sever itself from it. I think that the realization of the LC role in society will also depend on this. This is one thing. Secondly, in my opinion, in the above period the LC has been late in many actions, not putting forth its views on the current social reality and political and ideological tendencies in society. It is as if some forces have gained a certain advantage over the LC or are somewhat ahead. The creative ability and realization of the development of society in accordance with the self-managing concept of the development of socialist democracy has weakened within the LC, in my opinion, and we are lacking the old, audacious views.

The listeners of the Sarajevo radio program in which you took part showed interest in the personal incomes of workers in organs of state administration and in the personal incomes of officials. To what extent are they threatened compared to the incomes of workers throughout Yugoslavia?

Mikulic: I can, of course, talk about personal incomes in federal organs of adminsitration, though I also have some information on personal incomes in republican and provincial organs. The best way is to start from myself and the highest personal incomes in the federation, as they say. The personal incomes of the members of the SFRY Presidency and of the president of the SFRY Presidency, such as mine, the income of the president of the SFRY Assembly, the incomes of the members of the Central Committee Presidium (I will express them in old millions as it is easier to understand): 90.6 million without taking account of years of service.

Add to this, on the average, I think between 10 and 15 million dinars. Yesterday I was looking at information on the personal incomes of the presidents of executive councils and of members of executive councils in republics and provinces, and I noted the following: in four republics (in alphabetical order not to offend anyone): Bosnia-Hercegovina, Croatia, Slovenia, and Serbia, personal incomes of presidents of executive councils are higher than personal incomes of the president of the FEC and the president of the SFRY Presidency. In two republics—Croatia and Slovenia—personal incomes of members of executive councils are higher than the highest personal income in the federation. I am now coming to workers and skilled workers in federal administrative organs who, understandably, have far lower incomes which causes great problems for us because the most creative cadres from the federal administration are leaving and getting far better incomes elsewhere. I would not complain about the personal incomes of officials, because we can live on them. However, workers in federal administration organs, starting from deputies, advisors, assistants, and further down, especially skilled

personnel, are an enormous problem. We cannot obtain new cadres because they are better paid either in their own republics or in associated labor, while a great deal is expected from us—good laws, good regulations, and the implementation of measures and regulations. None of this can be achieved with cadres that are not appropriately rewarded. For this reason we engage external assistants and pay them for their services, such as the preparation of draft systemic laws in connection with the reform of the political system.

Let us get away from the measures of the economic reform. You became the FEC president at a time when we knew and later talked about and expected the foundation of a ministry of culture and a federal minister of culture. As this did not happen, various kinds of criticism were voiced which continue to this day. Even recently, at a meeting in Belgrade during a discussion on culture and the information media, the following question was raised: Who will represent Yugoslavia at the forthcoming meeting of Balkan countries' ministers, as we do not have such a minister? There are secretaries for education, science, and culture in republics and provinces.

Branko Mikulic: The federation has no duties in the sphere of culture. This was decided by the Constitution. And if there are no duties in a particular sphere, there can be no ministry for this sphere.

Daily Denounces Vojvodina Leadership

AU2007200188 Belgrade POLITIKA in Serbo-Croatian 17 Jul 88 p 6

[Dragoljub Milanovic commentary: "Who Brought Kosovo People to Novi Sad"]

[Text] POLITIKA EKSPRES today carries a commentary which we publish in its entirety.

When one tries to defend a mistake at any cost, a series of further and increasingly worse mistakes are committed as a rule. The latest and the greatest in this series of mistakes is the delayed report, published the day before yesterday, on the closed session of the Provincial Committee of the LC of Vojvodina on the occasion of the march of Serbs and Montenegrins from Kosovo in Novi Sad last Saturday. It is a matter of the manner of the publication and of the content of the discussion.

As it turned out, Novi Sad television has recorded a session that was declared closed. This means that a manipulation has been taking place from the very beginning. The evening before last, this was broadcast for the Vojvodina region. A statement was issued on this session the day it was held, but 10 hours after the conclusion of the session of the Central Committee of the LC of Serbia on Kosovo, the entire discussion at the closed session of the Provincial Committee of the LC of Vojvodina was released. Why?

If the session was closed until the announced session of the LCY Central Committee Presidium, why was the discussion in the Provincial Committee of the LC of Vojvodina released immediately before the session of the Yugoslav Party Presidium? Is this not an obvious manipulation and exertion of pressure? Who is being manipulated: the public or the LCY Central Committee Presidium? What does such conduct by the responsible people in the Provincial Committee of the LC of Vojvodina reveal in their relationship with the Central Committee of the LC of Serbia?

In the view of the leadership of the Communists in the province, and according to their behavior, is the Central Committee of the LC of Serbia at the same time the Central Committee of the Vojvodina Communists? Half a day before the release of the discussion at the closed session of the Provincial Committee of the LC of Vojvodina, the plenum of the Central Committee of the LC of Serbia on Kosovo also discussed the arrival of Kosovo people in Novi Sad to the extent—as Slobodan Milosevic said—that this and other questions were linked with the question of Kosovo. This question, too, was discussed on that occasion with direct and active participation of a large number of the Vojvodina members of the Central Committee of the LC of Serbia. After a concise and discriminating assessment by the president of the Presidium of the Central Committee of the LC of Serbia, nobody else asked for the floor, although Milovan Sogorov and other responsible people from the provincial LC organization were present. This lasted only until they returned to Novi Sad.

If one adds the delayed criticism by Djordje Stojsic directed at the eighth session of the Central Committee of the LC of Serbia—a session that was held almost 1 year ago and which Stojsic himself, in his capacity as president of the Presidium of the Provincial Committee of the LC of Vojvodina and member of the Presidium of the Central Committee of the LC of Serbia, attended for 2 days and 2 nights—the question really imposes itself: What is the Central Committee of the LC of Serbia for the Communists from the province? Do not Stojsic, Sogorov, and others attend the sessions of the Central Committee of the LC of Serbia—which by the strength of the statutes of the LCY and the LC of Serbia and according to the principle of democratic centralism should also be their central committee—as if they were guests from another party in a far-away land?

The answer to this question was perhaps best supplied by Petar Matic at the session of the Provincial Committee of the LC of Vojvodina when he said: "A small but essential fact is being forgotten, the fact that we, the LC of Vojvodina, are part of the LCY, an independent subject within the LCY, and Vojvodina is such a subject in the Yugoslav community." The newly elected president of the Yugoslav veterans organization does not worry about another fact which is perhaps more important: The LC of Vojvodina is a component part of the LC of Serbia, and the Socialist Autonomous Province of

Vojvodina a component and inseparable part of the SR of Serbia. He does not care and did not mention it at said session, nor on many occasions in the past.

We have thus passed on the content of the discussion conducted at the session of the Provincial Committee of the LC of Vojvodina. Its basic characteristic, easily perceived from some of the parts that we are publishing, is the insulting, almost cursing tone, unprecedented in the political and public communications in our land. Its second most important distinction is the overt desire and intention to ascribe to the leadership of Serbia, and especially to the first man in the republican party organization, not only the inspiration for, but also the complete authorship of the Kosovo march in Novi Sad.

Who, in fact, brought several hundred unfortunate people to Vojvodina? With a little more good will, wishes, and self-criticism, the highest party leadership of the northern province of Serbia could conclude, without waiting for the stances and assessments by the LCY Central Committee Presidium, that hundreds of people were not driven to the long journey by the resolute course of the ninth session of the LCY Central Committee or the sixth and the eighth sessions of the Central Committee of the LC of Serbia, as the Vojvodina party seniors want to make out.

On the contrary, the decisive course of the LCY and the Serbian LC in solving the problems of Kosovo has restored hope and stopped the collective migrations that were announced last year. Therefore, were it not for this decisive course, we would probably have had columns with children, animals, and personal property in them, and not groups of citizens and their delegations. Can one, for the umpteenth time, ignore the notorious bureaucratic method of exchanging the theses that the problem is not in the problem itself but in its solution, and that nothing changes without individuals being disturbed and shaken. Only one simple and serious fact is overlooked, if the subjective forces do not change the situation, life itself will change it for the worse. Therefore, the Kosovo people were not brought to Novi Sad by this decisive course, but by the indecisive, bureaucratic, and opportunistic attitude to their tragedy which, it is now clear, dominates in the leadership of our northern province. Last Saturday's event in Novi Sad and particularly the discussion at the Vojvodina LC Provincial Committee shows, among other things, how much the Vojvodina leadership contributed to all this and to what extent the Kosovo people were right when they pointed out the responsibility of individuals in this leadership. It can be freely said therefore that the Kosovo people were brought to Novi Sad by precisely those people who avoided speaking with them.

However in every evil there is perhaps a little good. In this case it is good that all masks have finally fallen away and the main protagonists in resistance to the constitutional changes, particularly in Serbia, have shown themselves at this moment in their true and full light. This was, of course, expected, as there are no changes without resistance. But probably very few people expected this kind of panicky defensive position [odbranastvo] and digging into autonomistic [autonomaski] trenches. If, for example, Petar Matic and Djordje Stojsic had split approximately as much bile on the Albanian separatists in Kosovo as they do when settling accounts with the Serbian leadership (which should be theirs as well), then the enemy who has not even been put in his place after 7 years, would probably have been driven into a corner. However, Matic, Stojsic, Djordje Radosavljevic, Milovan Sogorov, and their followers seem to be preserving their strength and vocal cords in order to use them against those who, in their opinion, threaten as the main danger—against the Serbian leadership. Now it is probably finally clear why and how two Albanian states began being created in the Balkans and why and how Serbia began to lose its territory even without the use of physical force.

According to Bajram Gasi's logic—that a change in the Constitution is in fact an attack on the Constitution and therefore an attack on Tito—wide attacks on Tito have already been organized for a year in Yugoslavia, because this is about how long the activities concerning the constitutional changes have been going on.

Once it is known that Gasi's claim at the Serbian LC Central Committee session came on the eve of the actual beginning of the public discussion of the draft amendments, and since we in the country all agreed a long time ago that we should "attack" and change all the weak points in the 1974 SFRY Constitution, then the conclusion must be reached that all this is merely bureaucratic resistance to the changes and the final desperate attempt to put matters back to the very beginning..

However, the Constitution must be changed; reforms must be implemented and a peaceful and tranquil life must return to Kosovo.

It makes no difference whether this is done with or without resistance.

Loncar, DPRK Vice Foreign Minister Hold Talks

LD1907172788 Belgrade TANJUG Domestic Service in Serbo-Croatian 1553 GMT 19 Jul 88

[Text] Belgrade, 19 Jul (TANJUG)—Federal Foreign Secretary Budimir Loncar today received Yi In-kyu, DPRK vice minister of foreign affairs. Loncar and Yi In-kyu discussed bilateral cooperation and the activities of the Nonaligned Movement, with special emphasis on the preparations for the Nonaligned countries' ministerial conference in Nicosia.

The Korean vice minister informed the federal secretary about the situation on the Korean Peninsula and the state of relations in the Far East region.

Replying to a message from DPRK Foreign Minister Kim Yong-nam, who expressed a desire for the comprehensive development of bilateral relations, the federal secretary reiterated our desire for and interest in developing these relations successfully, and for a just and peaceful solution to the Korean issue to be sought through dialogue between the North and the South and in line with DPRK initiatives.

Vice Minister Yi In-kyu is in Yugoslavia for consultations between the two foreign ministries. During detailed talks with Assistant Federal Secretary Dzevad Mujezinovic, the issues of contemporary trends in international relations and the activity of the Nonaligned countries were considered extensively, as were ways in which the two Nonaligned countries, Yugoslavia and the DPRK, can contribute to further dialogue and understanding in the world.

Milovan Djilas on Soviet Reforms

AU0607192388 Bonn DIE WELT in German 2-3 Jul 88 p 5

[Article by SFRY writer and dissident Milovan Djilas: "Gorbachev Makes a Return to Tyranny Impossible"]

[Text] One could briefly characterize Gorbachev's reforms as a turning away from the Stalinist model. Today, even the Soviet Union openly admits that Stalinism was a personal, tyrannical rule, based on the party apparatus which had already evolved before 1917 in the form of Lenin's "professional revolutionaries."

This apparatus—regardless of its past and present privileges and power—would not have been able to rule alone if it had not oozed into all the pores of society by means of various "transmission belts." Already under Lenin, the apparatus occupied the decisive social positions, in particular in the economy. Stalin "perfected" this part of Lenin's legacy. The bureaucratic party monopoly was extended over the entire society, the police and ideological power permeated the life of the individual. Society was destroyed, the individual personality was atomized: The total ideal was confirmed as total violence.

Even though Khrushchev courageously exposed the violence, he did not expose its roots. His attempts to "improve" the system came into conflict with the Leninist dogmas and his personal ambitions. Therefore, they were contradictory and were burdened with ideological megalomania in many respects.

Brezhnev put an end to all changes. He directed the economic and intellectual life into the channels of party bureaucracy. But neither he nor the party apparatus had the strength to return to the "glorious days" of Stalin. For him, too, stagnation, routine, and corruption were more convenient than limitless tyranny and total anarchy.

Against Medium Cadres and Professional Ideologists [subhead]

Now, what does Gorbachev want to achieve and what will he be able to achieve? Gorbachev has recognized the agedness, inefficiency, and waste of the centralized and total state administration in the economy. He realized that such conditions benefit above all the mid-level party cadres and the professional ideologists, who are most interested in those privileges that result from political and ideological supervisory functions. Perestroyka (restructuring) and glasnost (openness) are logical consequences of this insight—if one wants to make management more efficient, to overcome the ossified dogmas and the party bureaucracy, and to mobilize new forces of modern management.

Gorbachev not only advocates repair, but evolution, which is to raise Soviet economy and society to a modern democratic system. But this is utopia, solely because such a step is not possible without the elimination of the party's monopoly over economy and state. In other words: Without eliminating the ideologically determined economy and the state that is ruled by the party, the Soviet Union will continue to lag behind and trip over its domestic problems, even though it is able to make some temporary progress.

In reality, glasnost is the most important and most far-reaching process that Gorbachev has introduced, partly against his own will. Glasnost for the party and the Communists, which he wanted—also to remain in power himself in this way—is now being used by nonparty members. Glasnost opens up chances for freer expression of one's opinion; not only in the field of official ideology, but also—even though only semi-legally—with regard to ideas that differ from the official line. Thus, awareness and insights change—and even though pluralism is not set down in any laws, even though a return to the party-political and bureaucratic prohibitions and restrictions seems possible—the new awareness cannot be stopped, even now. A return to tyranny and bureaucratic stagnation is no longer possible. This is probably Gorbachev's greatest historic achievement.

Until a short time ago, there were Western commentators who considered agriculture to be a chronic disease of Soviet economy. In reality, it is industry that is the sickest economic sector of the Soviet Union. Unit input of energy, for instance, is twice as high as the average input in the world. Productivity in the Soviet automobile industry is four to six times lower than that in the developed countries; 80 percent of the automobiles produced there do not correspond to world standards. Machine production is 50 percent below this standard. This situation is not a consequence of insufficient knowledge or a lack of experts. The Soviet Union has, for instance, twice as many engineers as the United States. All attempts to explain this situation that do not admit that the evil is in the system itself—in the party's monopoly over state and economy—are self-deceit.

No Freedom Institutionalized as Yet [subhead]

The "socialist," "social," "national" property is a fraud and self-deceit that obscures reality: The merciless truth is that the party and state apparatus disposes of the economy like a hierarchical collective owner. The Soviet Union can no longer be maintained with such a political system—and by no means can it make any progress. This is all the more true since this society has differentiated itself materially and intellectually. Gorbachev himself noted that "... the social structure of the society is being outlined schematically, as if it were without the contradictions and dynamism of the different interests of its different strata..."

There is no doubt that Gorbachev has changed the atmosphere in the Soviet Union: He does not send those who think differently to prisons and labor camps. He is more tolerant toward the religious communities and national movements. The enterprises receive more independence and kolkhoz peasants are permitted to rent land.

Until now, however, Gorbachev has not institutionalized a single one of these freedoms that would be able to question the political system and the party's monopolistic role as a "vanguard." With him, the Soviet Union is entering the period of enlightened, liberalized authoritarianism, in which the totalitarian role of the party has been toned down and reduced, but in which the party will not give up its monopoly on power.

The most visible change so far can be seen in Soviet foreign policy—in the form of the so-called "deideologization." This is not surprising, because foreign policy does not depend solely on Gorbachev and the party. If it wants to achieve a technical renewal of the economy and get the agreement of broad circles of the population by means of a higher standard of living, the Soviet leadership does not have any other choice but international detente, a reduction in armament, and a gradual turning away from military-ideological expansionism, which is too costly and hopeless. The Leninist-Stalinist monolithism is starting to crumble. Compared with the United States and Western Europe, the Soviet party state is a second-rate power—except in military strength.

PCF-LCY Talks Aim at Further Cooperation

PM2007141288 Paris L'HUMANITE in French 16 Jul 88 p 20

[Unattributed report: "French and Yugoslav Communists"]

[Text] Maxime Gremetz, member of the French Communist Party [PCF] Politburo and secretary of the Central Committee, had a meeting in Belgrade on Friday [15 July] with LCY President Stipe Suvar and LCY Presidium member Vasil Tupurkovski.

Maxime Gremetz explained that the PCF's gains in the recent parliamentary elections help the Communists' action to step up efforts to combat the crisis and to develop the people's movement. The LCY leaders welcomed the progress made by the PCF.

The LCY president explained the situation in Yugoslavia, which is characterized by economic and social problems. He outlined the main ideas of their national conference aimed at remedying these problems by economic, political, and institutional reforms. Maxime Gremetz stressed the French Communists' interest in and support for the LCY's efforts to solve Yugoslav society's problems and to safeguard its socialist achievements.

The talks were characterized by the desire to develop the cooperation which already exists between the two parties in various spheres. It was agreed to pay particular attention to Mediterranean questions, to the problems of peace and disarmament, and to a new international economic order.

Practical measures were taken to strengthen relations between the LCY and the PCF in the coming period. Maxime Gremetz was accompanied by Central Committee staffer Serge Laloyer.

TANJUG Views CSCE Meeting in Vienna

LD1907152188 Belgrade TANJUG in English 1308 GMT 19 Jul 88

[By Mirko Bolfek]

[Text] Vienna, July 19 (TANJUG)—The Vienna meeting of the Conference on Security and Cooperation in Europe (CSCE) is surely in its closing stage now, but its official closing, planned for the end of July, is sure to draw out by next autumn.

The number of questions at issue and open questions in the closing document has come down to 10 or so now.

A draft closing document was submitted jointly by the neutral and non-aligned countries in mid-May. The draft was before long—thanks to its completeness and balance—accepted as the basis for negotiations among the 35 member countries and the meeting formally, too, entered its last phase for all that Western and Eastern bloc countries taken together presented over 20 amendments, "drawing" even in opposite directions in some points [sentence as received].

The role of the neutral and non-aligned group was not "exhausted" by their bringing forward a joint draft and they do not wish to see their part come down to the role of an "observer" of coming to terms between the East and the West, but they also lay stress on their active role until the meeting's last day.

Several already mature political decisions are "waiting for" the green light which should be "signalled" when the whole text of a closing document has been completely coordinated and accepted. There are proposals, too, for doing so also at the level of foreign ministers at which the Vienna meeting was inaugurated in November, 1986.

This should become a symbolic expression of the idea of the CSCE as a forum of multilateral detente and of Europe's responsibility for disarmament and development in global dimensions world-wide. This idea was built into the preamble of the draft closing document jointly worked out and submitted by the non-aligned countries.

In the so-called "first basket" (security), the non-aligned countries worked out—starting from a de facto political agreement among all participating countries—decisions on continuing the conference on confidence- and security-building measures and disarmament (a follow-up to the Stockholm meeting).

Also "waiting for" the green light are already ripe decisions in principle on convening a conference of economy ministers which would deal, in a more ambitious way, with the matter of preconditions for economic and scientific-technological cooperation in Europe, then with a three-phase conference on advancing the CSCE's "human dimension."

The "rest" of the difficulties in adopting the closing document run wider, and it cannot be ruled out that some other topic would come up before putting "the last full stop." The already mentioned East and West amendments and counter-amendments are "drifts apart" from the non-aligned draft and from the definite stands in principle in the preamble in which the so-called "principles" of the CSCE process are worked out.

The East insists on "moderating" definite formulations concerning the CSCE's "competencies" in relations to the internal "constitutional and legal order" in participating countries.

The West insists on placing "a stronger emphasis" on the roles of individuals and non-governmental organisations (the so-called "Helsinki" organisations) in protecting human rights.

In the so-called "second basket" (economic cooperation), still unsolved is the question of how to coordinate two like proposals for holding a conference or a forum on economic cooperation for which Bonn and Prague appear as potential hosts.

In connection with negotiations on conventional disarmament or "conventional stability," some remaining points in dispute should be geographical zones and kinds of arms to be included in negotiations.

The NATO countries still keep "open" their replies to the said Soviet demands in relation to such negotiations. There is also to be found the U.S. stand that they should be "as much autonomous as possible" in terms of their relation to the CSCE, i.e. "as close as possible" to the bloc V bloc style of negotiating—what means a drift apart from the non-aligned countries' stand and interest.

In the "third basket" to be found in the field of humanitarian cooperation are not yet overcome East-West differences over how to treat the so-called right to a free exit from one's country and the freedom of circulation. [sentence as received]

Not having been overcome either to the end are plans and work schedules for drafting groups by July 22, a tacit agreement being that work should go on for another 7 days, when it will become clearer what the all-in balance sheet or "remaining" difficulties promise from the standpoint of the so-called factor of time.